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Japan

Prime Minister Kaifu Not To Seek Reelection

OW0410063591 Tokyo KYODO in English 0619 GMT 4 Oct 91

[Text] Tokyo, Oct. 4 KYODO—Prime Minister Toshiki Kaifu on Friday abandoned his plan of seeking reelection as leader of the ruling Liberal Democratic Party (LDP) and conveyed the decision to his major political mentors, LDP sources said.

Kaifu, who has been in power since August 1989, will not seek another term of office as LDP president, the sources said.

The prime minister conveyed the decision to former Prime Minister Noboru Takeshita and former Deputy Prime Minister Shin Kanemaru, the co-leaders of the 106-member largest faction of the LDP.

The two power brokers were instrumental in putting Kaifu into power and in supporting him during his two years and two months in office.

Kaifu's present two-year term of office as LDP president expires on October 30. The LDP presidency carries with it the post of prime minister under the LDP's stable majority in the 512-seat powerful lower chamber.

Kaifu has faced a critical test since earlier this week over whether he could stay in power or be forced to retreat over political reform, an issue on which he has repeatedly said he would stake his political life.

Kaifu's decision came after the LDP's No. 1 faction has withdrawn its support for Kaifu, LDP sources said.

Kaifu earlier said he has a "grave determination" to see political reform carried out, hinting at possible dissolution of the house.

All major factions within the LDP, however, declared opposition to a dissolution of the lower house.

Two of the three leadership hopefuls—Kiichi Miyazawa and Michio Watanabe—strengthened the tone of their anti-Kaifu posture and vowed stiff opposition to the house dissolution.

The secretaries general of the LDP and four opposition parties resumed talks to discuss Kaifu's plea for continued efforts for political reform.

The opposition parties, however, refused to give in and called for maintaining an earlier agreement to set up an informal interparty consultative council on the issue.

Kaifu wanted the council to be made an official body under the speaker of the House of Representatives and asked that it should compile a report before the next session of the Diet, scheduled to be convened in January. The lower house earlier killed a set of three political reform bills, one of which is designed to introduce single-seat constituencies to general elections for the house.

LDP Secretary General Keizo Obuchi told opposition party leaders Thursday night that Kaifu is determined to dissolve the lower house if they refuse to agree to making the consultative body an official one under the authority of the speaker of the lower chamber.

Yoshiro Mori, chairman of the lower house's steering committee, began negotiations with opposition parties with a proposal which clarifies the role of the Diet in the consultative body, Diet sources said.

Three LDP faction leaders—Miyazawa, Watanabe, and Hiroshi Mitsuzuka, another leadership hopeful—instructed cabinet ministers from their factions to refuse to sign a document for the dissolution if asked by Kaifu to do so.

Miyazawa, Watanabe, and Mitsuzuka have expressed their intention to run in the LDP presidential election scheduled on October 27 to challenge Kaifu, whose two-year term as LDP president expires on October 30.

Kanemaru's faction, which has been a main supporter of the Kaifu cabinet, agreed in a meeting the same day to leave the decision on fielding its own candidate in the LDP presidential election up to Kanemaru.

A majority of the faction agreed that Kaifu will not be able to dissolve the lower house, faction sources said.

Appears 'Regretful,' 'Relieved'

OW0410104891 Tokyo NHK General Television Network in Japanese 0900 GMT 4 Oct 91

[Report by unidentified newscaster—live]

[Text] Prime Minister Toshiki Kaifu has given up running in the forthcoming Liberal Democratic Party [LDP] presidential election, scheduled for later this month, on the grounds that political reform, which he has been putting up as the top priority task for his cabinet, has been deadlocked. This was disclosed by Prime Minister Kaifu's close associate and also by a Diet member of the Komoto faction.

Since the inauguration of his cabinet, Prime Minister Kaifu placed political reform as his top priority task; however, the political reform-related bills were scrapped recently. In addition, there is no feasibility in sight of establishing an official consultative organ, which Prime Minister Kaifu strongly supported. Besides, views critical of Prime Minister Kaifu's leadership have spread in the Takeshita faction, the largest in the LDP, which has been backing up the Kaifu administration. The Takeshita faction has eventually become inclined to give up its effort for reelecting Kaifu. It is for these reasons that Prime Minister Kaifu gave up running in the LDP presidential election.

According to a government source, Prime Minister Kaifu will not immediately carry out a cabinet resignation en bloc but will remain as prime minister until the end of this month when his tenure as LDP president expires.

Meanwhile, former State Minister Toshio Komoto, chairman of the LDP Komoto faction, called on former Deputy Prime Minister Shin Kanemaru, chairman of the Takeshita faction, this afternoon. Mr. Komoto expressed to Mr. Kanemaru the Komoto faction's intention to lend its full support in the eventuality the Takeshita faction decides to put up its own candidate in the presidential election. The 30 minute meeting took place when Mr. Komoto called on Mr. Kanemaru at the latter's office.

During the meeting, former State Minister Komoto expressed thanks to former Deputy Prime Minister Kanemaru for the support the Takeshita faction has given to the Kaifu administration over the past two years.

On the LDP presidential election and other future political developments, the two agreed to strengthen cooperative ties between the Takeshita and Komoto factions and to take concerted action regardless what may happen in the political situation. Mr. Komoto conveyed to Mr. Kanemaru the Komoto faction's intention to give its full support in case the Takeshita faction decides to put up its own candidate in the party presidential election.

From the prime minister's official residence NHK reporter Teshima will report on subsequent moves at the official residence.

[Teshima] I am reporting from the prime minister's official residence. Prime Minister Kaifu, who has given up running in the LDP presidential election slated for later this month, is being visited one after another by Chief Cabinet Secretary Sakamoto, Deputy Chief Cabinet Secretary Oshima, and Diet members of the Komoto faction, to which the prime minister belongs.

According to a Diet member of the Komoto faction, who met with Prime Minister Kaifu, the prime minister said: Looking back on the past two years and two months, there have been various things that happened. To me, the period equals decades. Thus, he is already looking back on his cabinet, which was formulated suddenly against a backdrop of a public distrust in politics that grew as a result of the Recruit scandal.

According to a Komoto faction dietman, Prime Minister Kaifu of course looked regretful but appeared more relieved than expected. Prime Minister Kaifu himself has not so far made any official comment on his own course of action; however, at a conference with the cabinet press corps to be held tomorrow upon the close of the extraordinary Diet session, the prime minister is expected to mention why he gave up running for reelection in one form or another.

Meanwhile, Masayoshi Ito, director, and Masaharu Gotoda, acting director of the LDP Political Reform Headquarters, called on Prime Minister Kaifu at his official residence some time ago. It is believed that the two are consulting with the prime minister on future measures in connection with the termination of the government-opposition consultations on political reform in the Diet. They ended the meeting just now.

This report is coming to you from the prime minister's official residence.

Factions Focus on Successor

OW0410074891 Tokyo KYODO in English 0732 GMT 4 Oct 91

[Text] Tokyo, Oct. 4 KYODO—Japan's political world is now focusing attention on who will succeed Prime Minister Toshiki Kaifu as leader of the country's ruling Liberal Democratic Party (LDP).

At least three LDP faction leaders—Hiroshi Mitsuzuka, Kiichi Miyazawa, and Michio Watanabe—have already vowed to unseat Kaifu and come to power.

On Friday, Kaifu decided not to seek another term of office as LDP president following a setback on the issue of political reform, and conveyed the decision to his main political supporters, former Deputy Prime Minister Shin Kanemaru and former Prime Minister Noboru Takeshita, LDP sources said.

The course of selection will greatly depend on the party's largest faction, founded by Takeshita and currently headed by Kanemaru.

The focus will be on whether the Takeshita faction will put up its own candidate for the leadership or whether it will back one from outside the group, political sources said.

Takeshita and Kanemaru have begun considering whether the faction should put up its own candidate, faction sources said.

Former LDP Secretary General Ichiro Ozawa is a possible candidate from within the faction, the sources said.

Finance Minister Ryutaro Hashimoto, another member of the faction, was earlier regarded as a possible candidate but it is unlikely that Hashimoto will run because he has just tendered his resignation to assume responsibility for the outbreak of a series of brokerage and bank scandals earlier this year, the sources said.

Kaifu's current two-year term of office expires on October 30, and the LDP is set to hold a party presidential election on October 27.

The Takeshita faction, which controls 106 LDP members in both houses of the Diet or parliament, has supported Kaifu all the way since he assumed the LDP presidency and hence the prime ministership in August 1989.

On Saturday, the three leadership hopefuls Mitsuzuka, Miyazawa, and Watanabe will declare their candidacies in the LDP leadership race.

But there are weak points for all the three men, LDP sources said, pointing out that voters have not forgotten that Miyazawa and Watanabe were involved in the 1989 Recruit stocks-for-favor scandal.

Mitsuzuka's faction includes several dissidents who oppose his leadership, the sources said. Among them is Mutsuki Kato, the incumbent chairman of the LDP's Policy Affairs Research Council, who resisted Mitsuzuka's succession to the LDP's No. 2 faction formerly led by the late Shintaro Abe, a former foreign minister.

Mitsuzuka's faction comprises 89 Diet members.

The Miyazawa faction controls 82 Diet members, while Watanabe's faction numbers 70.

Business Leaders Disappointed

OW0410143891 Tokyo KYODO in English 1311 GMT 4 Oct 91

[Text] Tokyo, Oct. 4 KYODO—Business leaders on Friday received the news of Prime Minister Toshiki Kaifu's decision not to seek reelection as leader of the ruling Liberal Democratic Party (LDP) with mixed feelings of disappointment and sympathy.

Gaishi Hiraiwa, chairman of the Federation of Economic Organizations (Keidanren), said he expects the new regime to work to achieve political reform.

Takeshi Nagano, president of the Japan Federation of Employers' Associations, blamed partisan politics for the failure of the three political reform bills to pass the Diet.

He said he expects that an LDP leader determined to carry out real political reform and regain public faith will become the next LDP president.

Rokuro Ishikawa, chairman of the Japan Chamber of Commerce and Industry, said it is regrettable that Prime Minister Kaifu has been obliged to abandon his plan to seek reelection since he has enjoyed high popular support.

Masaru Hayami, chairman of the Japan Association of Corporate Executives, said he strongly wishes that the next regime will carry out drastic political reform.

LDP's Kanemaru Criticizes Kaifu's Leadership

OW0310142391 Tokyo KYODO in English 1340 GMT 3 Oct 91

[Text] Tokyo, Oct. 3 KYODO—Ruling Liberal Democratic Party (LDP) heavyweight Shin Kanemaru said Thursday that Prime Minister Toshiki Kaifu has shown weak leadership in a possible bid to dispel reports the largest party faction is backing Kaifu in this month's race for the party presidency.

Addressing a meeting of the powerful Takeshita faction, Kanemaru suggested Kaifu is weak because he did not act upon his hint of dissolving the House of Representatives after the parliament rejected a political reform program earlier in the week.

Kanemaru, president of the 106-member Takeshita faction, said that Kaifu's hint of possibly dissolving the parliament or cabinet had caused confusion.

"What is important in politics is decisiveness and ability to implement," Kanemaru told the faction members attending a party to mark the end of the current parliamentary session.

He said that Kaifu's record popularity ratings must not be ignored.

Public opinion should be taken into consideration, Kanemaru said, noting Kaifu's record support ratings of about 65 percent.

Kanemaru added it would be improper to make explicit comments on the presidential election, slated for October 27, before the current Diet session ends on Friday. But he said he hoped to find the most suitable candidate soon to prepare for a party election.

The race for leadership of the LDP, a post accompanied by the prime ministership as the party has a majority in the powerful lower house, is set to begin on Saturday.

Leaders of three of the five factions—former Finance Minister Kiichi Miyazawa, former Foreign Minister Hiroshi Mitsuzuka, and former Chairman of the LDP's Policy Affairs Research Council Michio Watanabe—have expressed their intention to run for the LDP presidency.

An election will be held if two or more candidates register by October 19.

Kaifu, who hails from the weakest faction and would require the backing of the Takeshita faction to win, has not revealed his intentions.

Factions Discuss Kaifu's Position on Dissolution

OW0410061791 Tokyo NHK General Television Network in Japanese 0300 GMT 4 Oct 91

[Excerpt] Liberal Democratic Party [LDP] factions held executive meetings this morning to discuss their response to Prime Minister Kaifu's position that he is willing to go to the lengths of dissolving the House of Representatives over the question of a format for the joint consultative body, to be comprised of ruling and opposition party members, on political reform. The prevailing view is that it will be difficult to dissolve the lower house at this time.

The majority view prevailing in the Takeshita faction's executive meeting was that it could not agree to a dissolution under the present circumstances. The meeting agreed to leave concrete measures to faction chairman Kanemaru's discretion. Acting faction chairman, former LDP Secretary General Ozawa, then informed incumbent Secretary General Obuchi of this decision.

[Begin Kozo Watanabe, Takeshita faction member, recording] We presented views on the present situation; as to the conclusion, everything is left to Chairman Kanemaru's discretion. Views were aired on the question of dissolution, the issue of nominating a presidential candidate—on various problems of the present political situation—and on how to deal with legislative revisions. There were various views, but the final decision is being left to the chairman. [end recording]

At the executive meeting of the Mitsuzuka faction, some members also expressed the view that since the Diet is operating under normal conditions, there is no justification for dissolution.

[Begin Takashi Hasegawa, Mitsuzuka faction member, recording] The prime minister has various powers, including the power to dissolve the Diet; he can do many things. In that sense, we would like to find a way out of this difficult situation. Dissolution also involves procedural matters. We would like to analyze the situation and take action to resolve the issues of political reform, appropriations, and so on. [end recording]

The Miyazawa and Watanabe factions held separate meetings of affiliated Diet members this morning before the cabinet meeting at 0900 and agreed that cabinet members should refuse to sign the dissolution certificate [kaisan shosho] when asked to do so.

[Begin Fumio Abe, Miyazawa faction member, recording] In this political climate, we cannot but question the prime minister's leadership. I think we have to leave the question of what measures to take to the discretion of the faction chairman while watching developments closely. [end recording]

[Begin Takashi Fukaya, Watanabe faction member, recording] I do not think there will be a dissolution of the Diet. If there is going to be a dissolution, it would be initiated by Prime Minister Kaifu. But the fact is, his term of office is practically over. I think it is illogical for someone whose term has expired to dissolve the Diet. I think what he meant by strong determination is what he explained on the second day. Right now, he seems to be in a situation of not being able to back off even if he wants to. I do not think elections can be held under the present circumstances. [end recording] [passage omitted]

Agree To Oppose Dissolution

OW0410035191 Tokyo KYODO in English 0329 GMT 4 Oct 91

[Text] Tokyo, Oct. 4 KYODO—Prime Minister Toshiki Kaifu faced a decision on whether to dissolve the House of Representatives for a snap general election on the issue of political reform on Friday, the final day of the 61-day extraordinary Diet session, political sources said.

Keizo Obuchi, secretary general of the ruling Liberal Democratic Party (LDP), told opposition party leaders Thursday night that Kaifu is determined to dissolve the lower house if they refuse to agree to forming an official consultative body to discuss political reform under the authority of the speaker of the lower chamber.

Yoshiro Mori, chairman of the lower house's steering committee, began negotiations with opposition parties with a proposal which clarifies the role of the Diet in the consultative body, Diet sources said.

Meanwhile, leaders of three major LDP factions—former Deputy Prime Minister Kiichi Miyazawa, former Finance Minister Michio Watanabe, and former Transport Minister Hiroshi Mitsuzuka—agreed Friday morning to oppose the dissolution of the lower house.

The three LDP faction leaders instructed cabinet ministers from their factions to refuse to sign a document for the dissolution of the lower chamber if asked by Kaifu to do so.

Miyazawa, Watanabe, and Mitsuzuka have expressed their intention to run in the LDP presidential election scheduled on October 27 to challenge Kaifu, whose two-year term as LDP president expires on October 30.

The LDP presidency carries with it the post of prime minister because the LDP has a majority in the powerful lower house.

Former Deputy Prime Minister Shin Kanemaru, a power broker and leader of the largest LDP faction led by former Prime Minister Noboru Takeshita, told Obuchi on Friday to be calm and not to jump to conclusions about the dissolution of the lower house, the sources said.

The Takeshita faction, which has been a main supporter of the Kaifu cabinet, agreed in a meeting the same day to leave the decision on fielding its own candidate in the LDP presidential election up to Kanemaru.

A majority of the Takeshita faction agreed that Kaifu will not be able to dissolve the lower house, faction sources said.

The LDP and three opposition parties, the Social Democratic Party, Komeito, and the Democratic Socialist Party, agreed Tuesday to set up a consultative body on political reform after a parliamentary committee dropped a package of three political reform bills on which Kaifu has repeatedly said he will stake his political life.

Representatives of the four parties agreed that the proposed interparty consultative council be a private one outside the Diet.

Kaifu, LDP Executives Discuss Reform Council

OW0410082791 Tokyo NHK General Television Network in Japanese 0300 GMT 4 Oct 91

[Text] Today, when the current extraordinary Diet session is scheduled to close, Prime Minister Kaifu is showing a strong determination to let the proposed Political Reform Consultative Council [PRCC] have an official character. Secretary generals from the government and opposition parties have been meeting since before noon to consult on the consultative council.

Meanwhile, the ruling Liberal Democratic Party [LDP] reached a consensus that Prime Minister Kaifu's reelection is now difficult. It appears that the focus of attention will now shift to developing the upcoming party presidential election.

At the cabinet meeting and in his consultations with the top four LDP executives this morning, Prime Minister Kaifu expressed his desire to break the deadlock in the political situation by continuing negotiations for creating a framework for political reform to keep the torch of political reform alive.

In connection with the characterization of the PRCC for continued debate on political reform, the opposition and ruling LDP remain divided. While the opposition wants to make it a forum for free debate among parties, the LDP wishes to make it an official Diet organ to be placed under the jurisdiction of the House of Representatives speaker.

To break this deadlock, Prime Minister Kaifu met with the top four LDP executives at his official residence this morning to consult on future measures.

According to one of the participants from the government in the meeting, the government-opposition negotiations agreed in principle this morning on the proposed inauguration of a consultative organ. The organ is to be set up at the proposal of the speaker of the House of Representatives. There has also been progress on the question of including the electoral system in the subjects for examination, but the opposition reportedly has not yet consented to set a deadline for drawing a conclusion.

Prime Minister Kaifu and the top four party executives confirmed a plan to continue government-opposition negotiations for the time being through the good offices of the chairman of the House of Represenatives Steering Committee, Mr. Mori.

At 0900 this morning, the prime minister attended a cabinet meeting, but no particular remarks were reportedly made by cabinet members from the Mitsuzuka, Miyazawa, and Watanabe factions, which are opposed to political reform.

Encompassing the characterization of the PRCC, the LDP, and the opposition Social Democratic, Komeito, Communist, and Democratic Socialist Parties have been holding secretary-general talks since 1130. It appears that the LDP made new proposals on the questions of whether the proposed council should be an official body to be set up at the request of the House of Representatives speaker and whether there should be a deadline for holding the consultations. Talks seem to be continuing on these questions.

Major Parties Agree on Political Reform Council

OW0410105191 Tokyo KYODO in English 1020 GMT 4 Oct 91

[Text] Tokyo, Oct. 4 KYODO—Five major political parties agreed Friday to set up a consultative body on political reform after overcoming differences through overnight consultations, an opposition party leader said.

Komeito Secretary General Yuichi Ichikawa said the ruling Liberal Democratic Party (LDP), the Social Democratic Party (SDP), the Komeito, the Democratic Socialist Party (DSP) and the Japanese Communist Party (JCP) reached the agreement at a meeting of party secretary generals.

The inter-party consultative council will find ways of realizing political reforms on political ethics, the control of political funds, Diet reform and the election system, Ichikawa said, adding the election system includes a change of seats in the 512-seat House of Representatives.

The council, made up of secretary generals and working-level party officials, will be held both during Diet sessions and recesses, Ichikawa said.

He said the council will report the content of meetings to lower house speaker Yoshio Sakurauchi, if necessary.

But JCP Secretariat Chief Kazuo Shii said the JCP opposes releasing the council reports to the lower house speaker.

Diet Session Ends, Tables UN Peacekeeping Bill

OW0410125591 Tokyo KYODO in English 0924 GMT 4 Oct 91

[Text] Tokyo, Oct. 4 KYODO—Japan's Diet wrapped up a 61-day extraordinary session Friday, with deliberations on peacekeeping operations and international relief activities tabled until the next session.

Convened on August 5, the session focused on political reform, Japan's participation in the U.N. peacekeeping operations, and recent brokerage and financial scandals.

A package of political reform bills, on which Prime Minister Toshiki Kaifu had placed top priority, was scrapped on September 30.

The package of three bills is designed to overhaul Japan's electoral system, tighten control on political funds, and provide subsidies to political parties.

The Diet passed a bill to revise the Securities and Exchange Law but, according to government sources, the government considers it an emergency measure until the regular Diet session in January.

The revised law takes effect January 1. It bans compensation for stock losses and establishes penalties for companies which do so.

The House of Councillors unanimously passed and signed into law two bills designed to combat money laundering of profits within narcotics trade.

Osada Elected President of House of Councillors

OW0410020791 Tokyo KYODO in English 0140 GMT 04 Oct 91

[Text] Tokyo, Oct. 4 KYODO—The House of Councillors on Friday elected Yuji Osada, former director general of the Science and Technology Agency, as its president to succeed Yoshihiko Tsuchiya.

The upper house elected ruling Liberal Democratic Party (LDP) member Osada, 74, at a plenary session after accepting the resignation of Tsuchiya, who held the post for the last three years.

Bureaucrat-turned-politician Osada has been elected to the upper house on the LDP ticket four times since 1968. Osada entered the Ministry of Posts and Telecommunications as soon as he graduated from university and climbed to the post of vice minister, the highest level for a career bureaucrat.

He served two years as chairman of the general assembly of the LDP members of the House of Councillors until August.

Osada will serve as upper house president for only nine months because of his scheduled retirement next summer, party officials said.

Tsuchiya, 65, resigned the post on completing the customary three-year term. During his term, Tsuchiya presided over lengthy and heated deliberations on a controversial sales tax, participated in ceremonies marking the centennial of the Diet, and visited Moscow for talks with Soviet President Mikhail Gorbachev.

Hashimoto, Brady Not To Discuss Soviet Aid

OW0410130791 Tokyo KYODO in English 1148 GMT 4 Oct 91

[Text] Tokyo, Oct. 4 KYODO—Finance Minister Ryutaro Hashimoto and Treasury Secretary Nicholas Brady are not expected to take up financial assistance to the Soviets in their meetings late next week, a senior Finance Ministry official said Friday.

Hiroshi Yasuda, vice finance minister, told reporters the meetings will be in Tokyo on October 9 and 10 on Brady's way to Bangkok to attend the annual meetings of the International Monetary Fund (IMF) and the World Bank.

The focus of the Tokyo meetings will be humanitarian and technical assistance to the ailing Soviet economy but not massive financial aid or a moratorium on the Soviets' deferred external debt, Yasuda said.

"Such issues (financial aid or moratorium on Soviets' loans in arrears) are not on the agenda of the Bangkok IMF/World Bank gatherings," he said.

Hashimoto, who has announced he will resign after the international financial meetings, will return home after attending the IMF policy-making interim committee meeting October 13, Yasuda said.

Nakayama Stresses Aid To Developing Nations

OW0410042391 Tokyo KYODO in English 0316 GMT 4 Oct 91

[Text] Tokyo, Oct. 4 KYODO—Elation over the positive developments in East-West relations should not distract attention from developing countries' problems, Foreign Minister Taro Nakayama said Friday.

"We must not forget the many problems faced by developing countries, including poverty, illiteracy, population, and debt," Nakayama told a government-sponsored international symposium on economic assistance.

Nakayama said that Japan as an economic power should play an active role in resolving the North-South problem in the context of building a new world order.

The foreign minister lamented that while Japan is increasingly expected to be a global aid provider, the Japanese public continues to lack understanding about the rationale for offering foreign assistance.

Nakayama said the government intends to tackle that problem, while at the same time making its aid more efficient, by engaging in a closer "aid policy dialogue" with recipient countries.

He said that such a dialogue would facilitate accurate analysis of recipient countries' economic and social needs, leading to the formulation of aid projects that will bear more tangible results.

Nakayama also suggested that public understanding could be improved by increasing government support and coordination with grassroots-level efforts to help developing countries.

Government 'Would Consider' Visit By Dalai Lama

OW0310124191 Tokyo KYODO in English 1224 GMT 3 Oct 91

[Text] Tokyo, Oct. 3 KYODO—Japan would "consider" any request by the Dalai Lama, Tibet's exiled spritual leader, to visit Japan late November for an international peace conference, Foreign Ministry sources said Thursday.

The sources confirmed reports the Dalai Lama, a Nobel Peace Prize winner, has been invited by a private Japanese organization to a Tokyo conference to be attended by Asian religious and social activists.

The Dalai Lama's visit, which would be his first to Japan since 1984 and fifth overall, would likely elicit criticism from China, which insists tibet has long been an inalienable part of its territory.

On previous occasions, Tokyo has explained to Beijing the visits were at the invitation of private entities, which are free to conduct any activities as long as they are in accordance with the law.

Japan, which has a tiny community of "stateless" Tibetans who are not accorded refugee status, holds the Tibetan question is an internal affair of China that should be resolved through peaceful means.

In October 1989, Japan welcomed the awarding of the Nobel Peace Prize to the Dalai Lama and hailed his determination not to take recourse to violence during four decades of struggle to free his Himalayan kingdom from Chinese rule and preserve Tibetan culture.

The 56-year-old, considered by many of the world's six million Tibetans to be the living embodiment of Buddha, fled Tibet in 1959 after an abortive uprising against Chinese troops.

He now resides in India along with 120,000 other Tibetan exiles. Last month he visited the Soviet Union and Mongolia.

IAEA Officials Inspect First Enrichment Plant

OW0310114591 Tokyo KYODO in English 1058 GMT 3 Oct 91

[Text] Aomori, Oct. 3 KYODO—Officials of the International Atomic Energy Agency (IAEA) on Thursday made their first inspection of Japan's first commercial uranium enrichment plant in Aomori Prefecture in northern Honshu.

Japanese officials said the inspection by two IAEA experts in Rokkasho was to ensure the plant's safety control system.

The plant is scheduled to go into operation next January.

Plant officials said the plant will start tests on Friday by using natural uranium hexafluoride, a raw material to enrich uranium.

During the inspection, the IAEA team examined a system to check an exact amount of uranium hexafluoride and nuclear fuel.

The experts also checked each manufacturing process of enriching uranium, including a centrifugal separator.

At present, Japan relies entirely on imported enriched uranium but the enrichment plant is expected to supply 25 percent of the country's enriched uranium needs.

Tests Begin on Rokkasho Nuclear Fuel Plant

OW0410021891 Tokyo KYODO in English 0148 GMT 4 Oct 91

[Text] Aomori, Oct. 4 KYODO—The Japan Nuclear Fuel Industries Corp. began test runs on its nuclear fuel reprocessing plant at Rokkasho in Aomori Prefecture on Friday prior to scheduled full operations in January.

The corporation's plant is the first large-scale commercial uranium enrichment facility to be set up by a country not possessing nuclear weapons, and the first to go into operation of three plants forming part of the Rokkasho nuclear fuel recycling center.

The corporation released into its centrifuges gaseous natural uranium hexachloride, which serves as fuel.

Employees connected the centrifuge to cylinders containing the substance trucked in on September 27.

Over the next four months, staff will test for any abnormalities in the equipment by releasing the gas through tens of thousands of centrifuges which form the main part of the plant.

The equipment will also be tested for radiation leaks as part of an agreement between the company and Aomori Prefecture and Rokkasho.

The Science and Technology Agency will also run its own tests on the plant.

The International Atomic Energy Agency will conduct spot checks to determine whether the plant is producing highly enriched uranium of the type used in nuclear weapons and to ensure that nuclear material is not being stolen, officials said.

Police arrested two protesters last week during a protest near the Rokkasho complex over the transporting of 15 truckloads, or 120 tons, of uranium hexachloride from Tokyo.

Hiroshi Shikanai, an opponent of the plant, said it is now up to those running the plant to ensure they can gain the trust of residents in Aomori Prefecture by making public as much information as they can about the facility.

Kobe Steel To Launch Study for Iranian Plant

OW0310141491 Tokyo KYODO in English 1329 GMT 3 Oct 91

[Text] Tehran, Oct. 3 KYODO—Kobe Steel Ltd.'s Tehran office said Thursday it has exchanged documents with an Iranian company agreeing to launch a feasibility study for a large chemical plant.

Kobe will conduct the study to decide whether to participate in the planned construction of the plant in Qeshm, which is in a free trade and industrial zone on the Persian Gulf.

According to the Iranian plans, the chemical plant would produce 600,000 tons of methanol, urea, and ammonia a year.

The Iranian side wants the plant to gradually begin operations by 1995 and needs 6 billion dollars for the project.

It wants Japanese investment and hopes to set up a joint venture with a Japanese industrial group.

Kobe Steel is also pushing through with its plans to set up an iron mill in Qeshm.

North Korea

Editorial Praises Achievements of PRC

SK0310134691 Pyongyang Korean Central Broadcasting Network in Korean 0011 GMT 1 Oct 91

[NODONG SINMUN 1 October editorial: "Forty-Two Glorious Years Filled With Struggle and Victory"]

[Text] Forty-two years have passed since the founding of the PRC. The PRC is the noble revolutionary gains won by the Chinese people and their glorious fatherland. Today, the Chinese people mark the 42d anniversary of the PRC founding with the pleasure of attaining great success in the struggle for the growth and prosperity of the country. On the occasion of this day our people send warmest congratulations and greetings to the fraternal Chinese people.

The great leader Comrade Kim Il-song has proclaimed: The victory of the Chinese people's revolution and the PRC founding brought forth fundamental changes to the Chinese people's lives and opened a new epoch of socialist construction on the vast Chinese land.

The PRC founding was a great event that opened a new epoch in the long history of the Chinese people and brought about changes to the power balance of the world decisively advantageous to the anti-imperialist cause of independence and the socialist cause.

With the PRC founding, the Chinese people, who suffered from oppression and humiliation, finally became masters of their destiny and masters of the country and society, and a new history of progress and prosperity began in the Chinese land that had been dominated by backwardness and poverty. The road the PRC has traversed has been 42 years of struggle and revolution and of creation and construction.

Since the PRC founding, the industrious and courageous Chinese people, exerting the revolutionary spirit of self-reliance and arduous struggle, have overcome manifold obstacles and difficulties and built a mighty new socialist China in their fatherland.

With the Third Plenary Meeting of the 11th Communist Party of China [CPC] Central Committee as a turning point, the Chinese people entered a new stage of development and have been making continuous great advances today in the struggle to build socialism characteristic of China, solidifying the political phase which has been stabilized and united, deepening reforms and openness, and maintaining the four basic principles under the correct leadership of the CPC with Comrade Jiang Zemin as its core.

The Chinese people are opposing the reactionary imperialist peaceful evolution strategy and bourgeois liberalization and are attaining continuous great successes in many fields of the people's economy. They are also developing science and technology and are firmly solidifying the defense capabilities of the country.

The Chinese people are actively trying to reunify the fatherland based on the principle of one country and two systems.

By consistently implementing independent and peace-loving foreign policies, the PRC's international position is being enhanced with each passing day. Thus, the PRC is making greater contributions to the cause of peace in Asia and in the world.

The realities in China clearly proved a profound truth: Only when the people continuously advance along the road of socialism under the leadership of the revolutionary party of the working class, can they safeguard the nation's dignity and bring progress and prosperity.

The Chinese people deeply trust in the CPC and more firmly believe in the superiority of the socialist system and in the justness of the socialist cause in their everyday life.

By cherishing firm faith to advance to the end along the road of socialism under the leadership of the Communist Party, they are continuously marching forward.

The Korean people are as pleased with the fraternal Chinese people's achievements as if they were their own and extend firm solidarity with their struggle to accelerate socialist modernization and expedite the nation's reunification.

The DPRK and China are close neighbors whose mountains and rivers are linked to each other. The Korean and Chinese peoples are close, amicable brothers and revolutionary comrades, who shared their destiny in the struggle against the common enemies to achieve their common cause.

The Chinese party, government and people, who treasure the revolutionary sense of obligation, invariably support and encourage our people's struggle for socialist construction and for the independent and peaceful reunification of the nation.

DPRK-China friendship is a militant friendship, forged with blood in the struggle against the imperialists to build a new society and which overcame trials of history. This friendship is noble, constantly developing on the basis of special fraternal relations between the two countries' party and state leaders.

Many recent mutual visits and meetings between the two countries party and state leaders served as important occasions for further consolidating and developing DPRK-China friendship into a new, higher stage.

The great leader Comrade Kim Il-song's visit to the PRC will be an epoch-making event with historic significance for strengthening the traditional DPRK-China friendship and for the victory of the socialist cause.

DPRK-China friendship is greatly contributing to accelerating socialist construction in two countries and insuring peace and security in Asia and in the world.

Our people will make every possible effort to inherit and develop the great DPRK-China friendship over generations and will fight together hand in hand with the Chinese people on the road to the victory of socialism.

Our people sincerely wish the fraternal Chinese people greater success in their just struggle to build socialism with Chinese characteristics and to achieve the peaceful reunification of the fatherland by maintaining the four basic principles under the leadership of the CPC.

Kim Il-song's PRC Visit Called 'Great Event'

SK0410055491 Pyongyang KCNA in English 0535 GMT 4 Oct 91

[Text] Beijing October 3 (KCNA)—Radio Beijing published an article Thursday on the visit to the People's Republic of China by the great leader Comrade Kim Il-song, general secretary of the Central Committee of the Workers' Party of Korea and president of the Democratic People's Republic of Korea.

The radio said:

President Kim Il-song is the great leader of the Korean people and the closest friend of the Chinese people.

His current visit to China is a great event for the parties, governments and peoples of China and Korea.

China and Korea are intimate neighbours which are linked together by mountains and rivers and are in the relationship of teeth and lips.

Cultivated by Comrades Mao Zedong and Zhou Enlai and Comrade Kim Il-song and other veteran revolutionaries, Sino-Korean friendship is based on a solid bedrock.

We, as in the past, are now steadily developing the friendly and cooperative relations between the two countries, while sympathizing with and supporting each other.

The leaders of the two parties and two countries visited each other like relatives from long ago, meeting and informing each other of the situation and exchanging views, and thus promoted mutual understanding and friendship and further strengthened and developed the friendly and cooperative relations between the two countries.

The radio continued:

When President Kim Il-song received Chinese Foreign Minister Qian Qichen in June this year, he said the Korean visits of Chinese high-ranking delegations in succession demonstrated the close relations between the parties, countries and peoples of Korea and China.

The Democratic People's Republic of Korea is a heroic country standing imposingly in the East. Over the past 40 odd years the industrious and resourceful Korean people have registered brilliant achievements in the socialist revolution and construction under the guidance of their great leader President Kim Il-song and the Workers' Party of Korea, by invariably adhering to the road of socialism, overcoming all hardships and powerfully propelling the building of the country in the spirit of hard struggle and self- reliance.

The Workers' Party and government of Korea have made strenuous efforts and put forward reasonable propositions and proposals for a peaceful reunification of the country.

In recent years some gratifying changes have taken place in the situation of the Korean peninsula and the trend towards detente continues developing.

Some time ago, President Kim Il-song reiterated the position of actively continuing dialogue with the south of Korea. He also advanced the proposal for reunifying Korea through confederacy based on one nation, one state, two systems and two governments on the principle of neither side conquering the other or being conquered.

The militant friendship between the parties, countries and peoples of China and Korea has withstood rigorous trials and this great friendship which has struck deep roots in the hearts of the two peoples has great viability.

The Chinese Government and people set great store by this friendship and will as ever make every possible effort to further consolidate Sino-Korean friendship.

Development of DPRK-PRC Friendship Noted

SK0310155091 Pyongyang KCNA in English
1533 GMT 3 Oct 91

[Text] Beijing October 1 (KCNA)—Radio Beijing October 1 dealt with the development of friendly relations between Korea and China.

Noting that the relations between China and other Asian countries are developing favorably, the radio said:

The traditional friendship between China and Korea has also been further consolidated and developed. China supports the DPRK Government's proposals for the independent and peaceful reunification of Korea. The Chinese Government has all along respected the Korean people's will and desire.

The Korean question must be solved by the North and the South of Korea themselves through negotiations without outside interference. We hope the sides concerned will make active efforts for the relaxation of tensions and stability on the Korean peninsula.

Comrade Kim Il-song, general secretary of the Central Committee of the Workers' Party of Korea and president of the Democratic People's Republic of Korea, will shortly pay a visit to our country.

This visit will promote the development of Sino-Korean relations.

U.S.-ROK 1, 2 Oct Military Exercises Noted

SK0410061191 Pyongyang KCNA in English
0515 GMT 4 Oct 91

[Text] Pyongyang October 4 (KCNA)—The U.S. Pacific Air Force and Navy Commands staged aerial surprise attack and joint ground strike exercises against the North in the skies above Oeyon and Anmyon Islets and Asan Bay on October 1 and 2 in coordination with fighter planes of the U.S. Air Force present in South Korea and the puppet air force, according to military sources.

Mobilised in the war game were more than 160 fighter planes of various types.

On the first of October, the U.S. imperialists sent an EH-60 to the sky above the area along the Military Demarcation Line for an all-round electronic reconnaissance on the frontline areas of the North side along the western sector of the front.

That day, the South Korean puppets staged ground attack exercises with guns, tanks and armored vehicles in Pochon and Uijongbu near the Demilitarized Zone of the Military Demarcation Line with the support of flying corps, and 105 mm and 90 mm recoilless gun groups of the puppet army fired shells toward an area of Paju County.

And formations of armed helicopters staged a war exercise for in- depth infiltration in the sky above Majon-ri, Yonchon County.

On October 2, groups of puppet naval warships staged a naval attack exercise, supported by formations of fighter-bombers, in the sea off Kangnung.

Yon Hyong-muk Calls on UN Secretary General

SK0410114691 Pyongyang KCNA in English
1043 GMT 4 Oct 91

[Text] PYongyang October 4 (KCNA)—Yon Hyong-muk, premier of the Administration Council of the Democratic People's Republic of Korea, on October 2 paid a courtesy call on Javier Perez de Cuellar, secretary-general of the United Nations.

The premier conveyed greetings of President Kim Il-song and Comrade Kim Chong-il to the secretary-general.

The secretary-general expressed deep thanks for this and asked the premier to convey his heartfelt regards to Comrade Kim Il-song and Comrade Kim Chong-il.

He congratulated the DPRK upon its entry into the United Nations and said that the admission of the North and South of Korea to the United Nations does not mean the abandonment of the desire for reunification and the North and the South now have the possibility of discussing many questions in the U.N. arena.

Yon Hyong-muk Meets Zimbabwe's President Mugabe

SK0410053591 Pyongyang KCNA in English
0524 GMT 4 Oct 91

[Text] Pyongyang October 4 (KCNA)—Yon Hyong-muk, premier of the Administration Council of the Democratic People's Republic of Korea, who is participating in the 46th U.N. General Assembly session, met with Robert G. Mugabe, president of Zimbabwe, on October 1.

On the occasion the premier conveyed greetings of President Kim Il-song and Comrade Kim Chong-il to President Robert G. Mugabe.

The president expressed deep thanks for this and asked the premier to give his warm regards to President Kim Il-song and Comrade Kim Chong-il.

He said the Zimbabwean party and government have invariably supported the Korean people's cause of national reunification and expressed full support to the DPRK's proposal for reunification through confederacy.

Foreign Minister Addresses G-77 Meeting

SK0410052991 Pyongyang KCNA in English
0518 GMT 4 Oct 91

[Text] Pyongyang October 4 (KCNA)—Foreign Minister of the DPRK Kim Yong-nam spoke at the 15th annual meeting of foreign ministers of G-77 [Group of 77] which was held during the U.N. General Assembly session in New York on September 30.

He clarified the stand of the DPRK on the present international economic situation and elaborated on the questions of working out a realistic and practical common strategy for G-77 to solve international economic issues in the interests of the developing countries under the present situation, finding a realistic way of establishing a new fair international economic order and strengthening unity and solidarity of the newly-emerging countries, lifting the economic blockade, trade restrictions and unreasonable political strings forced by developed countries on some developing countries and actively promoting South-South cooperation on the principle of collective self-reliance and informed the meeting of the process of the Asian regional ministerial meeting of G-77 which was held in Pyongyang some time ago.

Foreign Nations Send Congratulations on UN Entry

SK0410061491 Pyongyang KCNA in English 0526 GMT 4 Oct 91

[Text] Pyongyang October 4 (KCNA)—The presidents of Brazil, El Salvador, the United States, Micronesia, Venezuela, Haiti and Guatemala, the prime ministers of New Zealand and Norway and the foreign ministers of Iceland, Argentina, Australia, Mexico, Sri Lanka, Germany, Great Britain, Czechoslovakia, Canada, Romania, Albania, Luxemburg, Nicaragua, Italy, Austria, Yugoslavia, Algeria, Iraq, Indonesia, Greece, Gabon, Ireland, Poland, Philippines, Uruguay, Singapore, Gambia and other countries congratulated the DPRK upon its admission to the U.N. in their speeches at the 46th U.N. General Assembly session.

The Indonesian foreign minister expressed his expectation that the DPRK's admission to the U.N. will contribute to achieving the reunification of Korea.

The Polish foreign minister hoped that the DPRK's admission to the U.N. would help reunify the Korean nation.

The foreign minister of Philippines said that the DPRK's entry into the U.N. will help toward the unity of the homogeneous nation.

The Singapore foreign minister hoped that the DPRK's admission to the U.N. would mark an occasion of the relaxation of tensions on the Korean peninsula.

Besides, the Nepalese minister of education and culture, the Pakistani minister of state in charge of foreign affairs and the vice-minister of foreign affairs of Oman welcomed the DPRK's membership of the U.N.

Kim Il-song Replies to Foreign Leaders' Messages

SK0310154291 Pyongyang KCNA in English 1528 GMT 3 Oct 91

[Text] Pyongyang October 3 (KCNA)—Comrade Kim Il-song, general secretary of the Central Committee of the Workers' Party of Korea and president of the Democratic People's Republic of Korea, sent messages to foreign party and state leaders in reply to their messages of greetings on the occasion of the 43rd founding anniversary of the DPRK.

He replied to the party and state leaders of China, Cuba, Vietnam, Laos, Nepal, Maldives, Mongolia, Sri Lanka, Singapore, Cambodia, Thailand, Pakistan, India, Indonesia, Lebanon, Morocco, Mauritania, the Saharan Arab Democratic Republic, the Sudan, Syria, Kuwait, Palestine, Tunisia, Afghanistan, Algeria, Jordan, Iran, Egypt, Yemen, Gabon, Ghana, Guinea, Namibia, Madagascar, Malawi, Mali, Mauritius, Cape Verde, Sao Tome and Principe, Senegal, Seychelles, Equatorial Guinea, Tanzania, Comoros, Cote d'Ivoire, the Congo, Togo, Angola, Ethiopia, Guyana, Nicaragua, Mexico, Barbados, Belize, Jamaica, Trinidad and Tobago, Peru, St. Lucia, Saint Vincent and the Grenadines, Antigua and Barbuda, Romania, Bulgaria, the Czech and Slovak Federative Republic, Poland, Albania, Yugoslavia, Hungary, Norway, Denmark, Malta, Switzerland, Sweden, Portugal, Austria and Iceland.

President Kim Il-song expressed thanks to them for their congratulations on the national day and expressed the belief that the friendly and cooperative relations between the DPRK and these countries would strengthen and develop.

Delegations Leave for Various Countries

SK0310123291 Pyongyang KCNA in English 1059 GMT 3 Oct 91

[Text] Pyongyang October 3 (KCNA)—A delegation of post and telecommunications of the Democratic People's Republic of Korea headed by Minister Kim Hak-sop for a visit to Switzerland, a DPRK Government economic delegation headed by Kim Chong-u, vice-minister of external economic affairs, for a visit to the Soviet Union, and a DPRK standardization delegation headed by Yo Song-kyun, chairman of the DPRK standardization committee, to participate in the 15th general meeting of the international organization for standardization scheduled in Spain, left here today by plane.

Participants in Solidarity March Interviewed

SK0310124591 Pyongyang KCNA in English 1102 GMT 3 Oct 91

[Text] Pyongyang October 3 (KCNA)—The participants in the international solidarity march for Korea's reunification were interviewed by home and foreign reporters at the People's Palace of Culture today.

Guy Dupre, secretary general of the International Liaison Committee for Reunification and Peace in Korea (Cilreco), spoke at the press conference.

He said the main purpose of the march held on the initiative of an emergency meeting of the leading body members of the Cilreco held in February was to let the world people clearly know that the division of the nation continuing against the will of the Korean people threatens world peace and to unite new forces in the cause of Korea's reunification through this course.

He went on:

The essential characteristic of the march was that solidarity was manifested in action and broad segments of the masses directly participated in the march.

The march and the signature campaign involved more than 300 million people from political parties, public organisations and peace and human rights organisations.

We will take necessary measures to meet the demand of the favourably developing situation on the basis of the success of the march.

The Korean people are denied the legitimate right to shape their future in a unified state, independent and sovereign.

The United States, having deployed huge nuclear weapons in South Korea, is threatening peace and security of the Korean and other people in Asia and the rest of the world.

Therefore, we lay stress on the issues of turning the Korean peninsula into a nuclear-free, peace zone and denuclearizing the Korean peninsula.

We consider that the withdrawal of the U.S. troops and nuclear weapons from South Korea is a decisive factor in removing the tension and creating an atmosphere favorable for reunification in Korea.

We will continue to support the struggle of the South Korean democrats and continue the movement demanding the release of the illegally arrested South Korean patriots including woman student Yim Su-kyong and Rev. Mun Ik-hwan.

We will take new measures to make the international community including the United Nations contribute to a positive settlement of the Korean question while continuing the current solidarity movement.

We firmly believe that the Korean people will certainly reunify their country independently and peacefully in the near future and all the forces of the world rallied around our international liaison committee will continuously support the struggle of the Korean people.

Then, answers were given to questions put by reporters.

Unity Group Denounces South's War on Crime

SK0410051491 Pyongyang KCNA in English 0449 GMT 4 Oct 91

[Text] Pyongyang October 4 (KCNA)—The Secretariat of the Committee for the Peaceful Reunification of the Fatherland issued information No. 601 on October 2, denouncing the No Tae-u ruling group for trying to intensify suppression of the pro-reunification democratic forces through the "second- stage war against crimes."

The information says:

The South Korean puppet prosecution declared that it would wage the "second-stage war against crimes" from October 1 to the yearend and concentrate all efforts on "liquidating crimes." The puppet police also declared that it would launch a campaign to "liquidate crimes."

This is a last-ditch effort of the No Tae-u military fascist group to stifle at the point of the bayonet the struggle of the South Korean students and people for independence, democracy and reunification and bridge over the crisis of its group in its last stage.

No Tae-u said that the "war against crimes" must be wound up in the latter half of this year and all efforts should be directed to smashing the violent forces and new organisations and the "radical violent demonstrations" expected in the new semester should be countered with effective methods.

If the No Tae-u ruling group thinks it can prop up the shaking foundation of its rule with a reckless bayonet-brandishing against justice and patriotism, it is a gross miscalculation.

The South Korean authorities must immediately stop the manoeuvres to stifle the just, patriotic struggle of the students and people for independence, democracy and reunification with fascist suppression.

If the No Tae-u ruling group persistently resorts to brutal and sanguinary suppression of the pro-reunification, democratic forces, it will face stern judgement for its crimes against the nation.

Punishment of ROK Dissidents' Families Condemned

SK0410061291 Pyongyang KCNA in English 0531 GMT 4 Oct 91

["Murderer's High-Handed Atrocity"—KCNA headline]

[Text] Pyongyang October 4 (KCNA)—NODONG SINMUN in a commentary today notes that for the No Tae-u ruling group to pass penalties upon the fathers of the patriotic students whom they had brutally murdered is, in the real sense of the word, a brigandish act reminding one of a thief calling others thieves, and a ruthless fascist outrage.

Pointing out that the No group recently held a "final hearing on the case of special court disturbance" and demanded prison terms for the fathers of students Kang Kyong-tae and Pak Chong-chol who were murdered while fighting for the democratization of South Korean society, the news analyst says:

There is no reason for their appearance in court in handcuffs or demand for prison terms against them.

The South Korean rulers took them to prison, charging them with an "organized disturbance," "assault" and "challenge to law and order" for the reason that they protested against the unfair, deceptive trial. And they unhesitatingly committed a criminal act of demanding prison terms for them.

This behavior of the No group is a brigandish fascist outrage and a cursed act against ethics and democracy.

The No group must acquit the bereaved family members of the victims without delay, renounce the ferocious fascist murder rule and promptly step down.

Daily Notes 'Wise Leadership' of Party

SK0410111691 Pyongyang KCNA in English 1025 GMT 4 Oct 91

["Wise Leadership of Our Party in Strengthening Driving Force of Revolution by Rallying All Classes and Strata"—KCNA headline]

[Text] Pyongyang October 4 (KCNA)—The driving force of our revolution is strong because the Workers' Party of Korea has firmly rallied all classes and strata behind itself and the leader organizationally, ideologically and morally by correctly applying the class line and the mass line, says NODONG SINMUN in a by-lined article today.

The article quotes the dear leader Comrade Kim Chong-il as saying:

"Our socialism has been able to become stronger and develop steadily, enjoying unqualified support and confidence from the popular masses, because our party has strengthened the driving force of the revolution and has built our socialism on a most durable and broadest foundation of social classes by frustrating the counter-revolutionary schemes of a handful of hostile forces before it was too late on the strength of its just class line and mass line, at the same time as rallying different sections of the broad masses behind itself and the government of the Republic."

The driving force of the revolution is an integrated whole of the leader, the party and the masses.

In order to strengthen the driving force of the revolution our party has constantly developed in depth the work with the masses according to the characteristics of classes and strata.

Our party has directed primary efforts to the work with the working class.

It has firmly adhered to the principle of constantly enhancing the leadership role of the working class and educating the peasantry and intellectuals and remoulding them on the pattern of the working class.

It has intensified political and ideological work among the working class to further elevate their class awareness, has seen to it that they were trained unremittingly in the practice of production and has exerted vigorous efforts to consolidate the ranks of the working class organizationally and ideologically.

Highly important in strengthening the driving force of the revolution is to correctly solve the peasant question in compliance with the requirements of the times.

The originality of our party's policy in solving the peasant question is that it regarded the peasantry as the main component of the driving force of the revolution along with the working class, as the motive force of the revolution.

Through the vigorous endeavours to make the peasants revolutionary and assimilate them to the working class our party has enabled them to fully discharge their role as the main component of the driving force of the revolution.

It is of weighty significance to correctly solve the question of intellectuals in strengthening the driving force of the revolution and enhancing its role.

Taking into consideration the fact that, as intellectuals of a colony, they had in the past the spirit of anti-imperialism and independence and democratic revolutionary character, our party boldly trusted, educated, remoulded and led them to serve the working class and has reared new intellectuals of worker and peasant origin on an extensive scale, thus building up a large contingent of intellectuals.

Our party has paid particular attention to making intellectuals revolutionary and assimilating them to the working class, they who have outmoded ideological survivals more than any other else and have little opportunities to be tempered in practice, and exerted much effort to prepare them as true intellectuals of the working class who more faithfully serve the party and the leader, the country and the people.

Our intellectuals today are displaying their revolutionary zeal and creative talents to the full in all domains of the revolution and construction and making an active contribution to the accomplishment of the cause of socialism and communism, cherishing deep in their minds the noble title of eternal companion, faithful helper and good adviser of the party, a title given by the dear leader Comrade Kim Chong-il.

The article notes that our party raised it as an important matter of expanding the revolutionary forces and strengthening the political and ideological unity and cohesion of the whole society to win those with a complicated background over to the side of the party and revolution, and has properly solved it.

In our country today the leader, the party and the masses form a socio-political organism, and the whole of society is a big harmonious family, leading and pulling each other along, stresses the article.

'Originality' of Kim Il-song's Thought Praised

SK0210154991 Pyongyang KCNA in English 1522 GMT 2 Oct 91

["NODONG SINMUN on WPK's Ideological and Theoretical Exploits"—KCNA headline]

[Text] Pyongyang October 2 (KCNA)—An important part and parcel of the ideological and theoretical exploits of our party which is developing and enriching the revolutionary idea of the great leader Comrade Kim Il-song is that it gave an allround, profound exposition of the originality of his revolutionary idea, says NODONG SINMUN in a by-lined article today.

In his work published on October 2, 1976, the dear leader Comrade Kim Chong-il gave a scientific and theoretical exposition of the content and composition of the great leader's revolutionary idea, the guiding ideology of our times.

The article quotes Comrade Kim Chong-il as saying:

"In the new era of human history when the popular masses have emerged as masters of the world for the first time in history and are shaping their destinies in an independent and creative way, in our era when the revolutionary movement of the working class has advanced a long way and is being conducted extensively and profoundly throughout the world, the revolutionary practice demands a new idea and theory of leadership over the revolution, and has presented the question of leadership in mobilizing the broad sections of the masses for the revolution as an urgent problem associated with the outcome of the revolution."

The article reads in part:

As is stressed in the work, we call the great leader's revolutionary thought in combination with his august name because the idea and theory advanced by him are original.

The revolutionary thought of the great Comrade Kim Il-song is a new revolutionary thought which came as a reflection of the requirements of our times. It has originality distinct from the preceding revolutionary ideas of the working class.

The definition of it by dear Comrade Kim Chong-il as a system based on the idea, theory and method of chuche means that the leader's revolutionary thought is consistent with the chuche idea in content and that it forms a system based on the idea, theory and method in composition.

As is clarified in the work, the originality of the great leader's revolutionary thought as a new guiding ideology of our times is, above all, defined by the originality of the chuche idea.

The revolutionary idea of the great Comrade Kim Il-song is an ideological and theoretical system with the chuche idea as its core. The chuche idea is an idea newly discovered in the history of human thought.

The material nature of the world and its universal laws of motion having been clarified, the chuche idea presented the position and role of man in the world as the fundamental question of philosophy and proved that man is the master of everything and decides everything. It explicated on this basis the law that governs the domination, transformation and development of the world by man. And it elucidated the law-governed nature inherent in the socio-historical movement as a movement of its motive force.

The originality of the great leader's revolutionary thought can also be seen in the revolutionary theory of chuche which constitutes its composition.

Basing himself on the firm viewpoint of chuche, the great leader profoundly elucidated new theories and strategy and tactics of national, class and human emancipation to suit the demand of the era of chuche.

The question of building socialism and communism, the theoretical and practical questions in the revolution and construction after the establishment of a socialist system in particular, have been expounded entirely thanks to the original ideological and theoretical activities of the great leader.

The work also notes that the originality of the great leader's revolutionary thought lies in that it raised the question of the method of leadership in the revolutionary theory of the working class from a new angle and elucidated it in a comprehensive way.

The great leader presented the leadership method as one of the fundamental questions for victory in the revolution and gave a full explanation of it. In particular, he originally clarified and perfected the leadership method, the method of leading the building of socialism and communism, to be adopted by the party in power.

Our party's idea and theory on the originality of the great Comrade Kim Il-song's revolutionary thought are displaying great vitality for their validity, the article says, adding: They serve as an inspiring banner leading our people confidently along the road of independence, along the road of socialism and communism.

Intellectuals Lauded for Revolutionary Role

SK0310001791 Pyongyang Korean Central Broadcasting Network in Korean 0007 GMT 15 Sep 91

[NODONG SINMUN 15 September "special article": "Intellectuals Are a Component Part of the Main Force of the Revolution"]

[Text] Inscribed in our glorious party's symbol is the pen along with the hammer and sickle. Vividly reflected in this is the revolutionary character of our party, which makes intellectuals its component part, together with the working class and peasants. Our party leads intellectuals, together with the working class and peasants, identifying them as a component part of the party and as a component part of the revolution's main force. Because of this, intellectuals firmly unite around the party and the leader and devote their all to the sacred struggle for completing the chuche cause while entrusting their destinies to the party and the leader.

The dear leader Comrade Kim Chong-il has indicated: Intellectuals are a component part of the main force of the revolution.

In the past, intellectuals were generally regarded as a social stratum formed of those with varied class backgrounds. It was our general understanding on the position and role of intellectuals that they served various different classes with their expert knowledge and technology without forming an independent class. However, our intellectuals of today have become a dignified component of the main force of the revolution. This is reflected in our party's new regulations on intellectuals.

The unique ideology and wise leadership of our party are a decisive guarantee that has made it possible to most brilliantly solve the question of intellectuals. The correctness and wisdom of our party's leadership that has brilliantly solved the question of intellectuals lies in the fact that our party has led intellectuals to actively participate in the struggle for realizing the independence of the working masses of people while regarding them as an independent component part of the main force of the revolution. It is precisely our party's viewpoint and position on intellectuals to regard them as a component party of the main force of the revolution, not to regard them as a mere social stratum serving other classes.

The reason why we regard intellectuals as a component part of the main force of the revolution is first of all that they are a social stratum opposing domination and enslavement by the exploitive class. They want to independently live and develop as the masters of their destiny. Intellectuals are a social stratum aspiring to independence. Intellectuals have a high level of culture and knowledge. They hate something old and reactionary. They love justice and progress and are sensitive in accepting advanced ideologies. A large number of intellectuals oppose domination and enslavement by the exploitive class because they have been oppressed and treated contemptuously by the ruling class and forced to endure arduous labor imposed on them in the capitalist society.

In particular, because they receive brutal national oppression and contempt, intellectuals in colonial countries actively participate not only in the revolution against imperialism and for national liberation and democracy, but also in the struggle for wiping out the old and creating the new in the socialist revolution, together with the working masses of people, including the working class. Intellectuals not only have the aspiration to live independently, but also do not exploit and oppress others. They lead a life through their sincere labor efforts. In these points, they are in the same situation as workers and peasants.

Thus, our party has enforced a most correct intellectual policy, regarding them as a component part of the main force of the revolution, together with workers and peasants, because they not only have the strong demands and aspiration to live independently, but have also contributed to realizing the popular masses' cause of independence through mental labor.

Already in the first period of his revolutionary struggle, the great leader Comrade Kim Il-song, regarding intellectuals as one of the main revolutionary forces, firmly rallied patriotic youths, students, and progressive intellectuals into the ranks of the revolution. It was because of our party's great confidence in and expectation toward intellectuals that when the party was founded in our country right after national liberation, along with workers and peasants, intellectuals were prescribed as a component part of the party and were actively accepted into its ranks. Furthermore, intellectuals were firmly rallied around the party after the maneuvers of the antiparty, counterrevolutionary, and factional elements were smashed.

What is important in our party's wise leadership for raising intellectuals as a component part of the main force of the revolution and for firmly rallying them lies in vigorously accelerating the struggle to make them revolutionary and assimilate them into the working class.

Because intellectuals cannot form their own class, like the working class and capitalist class, they do not have ideas reflecting their own class-oriented demands and interests. Only the party's wise leadership can do the work of arming intellectuals with independent ideas and the consciousness of the working class and can do the work of rallying them around the revolutionary ranks.

Intellectuals can be awakened and organized only under the leadership of the party of the working class. In this way, they can be the independent main force of the revolution centering on the leader. Our party has indoctrinated intellectuals in a revolutionary manner, leading them to invariably fight only for the revolution.

Our party's policy of making intellectuals revolutionary and assimilating them into the working class is the most just policy designed to train them as genuine chuche-type revolutionaries who contribute to the party and the revolutionary cause.

The process of making intellectuals revolutionary and assimilating them into the working class is the process of fully tiding over old ideas of all kinds remaining in their heads. In addition, this is the process of bringing up all intellectuals as the working class-oriented intellectuals thoroughly armed with the revolutionary idea of the working class.

The issue of making intellectuals revolutionary and assimilating them into the working class is an essential demand for settling an issue concerning them in the long run. This is also an issue that should be primarily settled in leading intellectuals into carrying out their missions.

Owing to the characteristics of their jobs, an old idea can have more influence on intellectuals than on other people. For this reason, they should more properly struggle to make themselves revolutionary and to assimilate themselves into the working class. Our party has continuously strengthened the work of making intellectuals revolutionary and assimilating them into the working class. Our party has strengthened the ideological indoctrination and revolutionary organizational life among intellectuals and has tempered them through revolutionary practices. Our party has firmly armed intellectuals with the great chuche idea, has led them to deeply cherish conviction in socialism, and has deepened indoctrination in ideology to firmly set up the outlook on collective life.

Along with this, our party has strengthened the revolutionary organizational life among intellectuals, training their revolutionary spirit, organizational life, and discipline. Our party has also led intellectuals into tempering themselves in a revolutionary manner through a practical struggle to carry out their assigned revolutionary tasks.

Such leadership of our party has enabled intellectuals to firmly grow up to be the intellectuals of the working class and the genuine chuche-type revolutionaries, unfailingly faithful to the party and the leader.

In order for intellectuals to brilliantly carry out their missions and duties, our party has brought into full play their wisdom and abilities in the revolution and construction. Because intellectuals have much knowledge, special knowledge, and technology know-how, they can play a great role in transforming and developing nature and society. However, only when the result of their mental work is combined with the creative activities of the producing masses, including workers and peasants, can it be utilized in reality.

Even brilliant scientific and technological inventions and cultural knowledge cannot be converted into material and cultural assets without being combined with the creative activities of the producing masses. As is shown by experiences, the ability and scientific and technological knowledge of intellectuals can truly contribute to carrying out the revolution under the party's leadership.

Our party has always paid deep attention to bringing into full bloom the wisdom and ability of intellectuals and has wisely led this work. Even in the peaceful construction period of building a new society on the ruins after the liberation, in the arduous war period when everything was mobilized for victory, and in the postwar period when all the people had to tighten their belt to reconstruct the ruined economy, our party did its best to provide intellectuals with good working and living conditions. In fact, except for our country, there is no place in the world where intellectuals live and work with nothing to worry about under the party's and leader's consideration.

In order to display the wisdom and ability of intellectuals, our party has seen to it that intellectuals take chuche-oriented positions in their works and activities and that they settle technology issues with self-reliance and fortitude. In addition, our party has seen to it that intellectuals strengthen creative cooperation with the producing masses and continuously increase their knowledge.

Our intellectuals, under the wise leadership of the party and the leader, have been a component part of the main force of the revolution and have positively contributed to carrying out the chuche-oriented revolutionary cause.

Our party's high conviction and expectation for intellectuals are indicated in the letters that dear leader Comrade Kim Chong-il sent to the party members of the Second Cell of Fifth Bureau of the Korean Central News Agency and to the entire members of the Korean Literature Production Company.

Our party and the leader gave intellectuals the title of eternal fellow travelers, faithful supporters, and good advisers in our party's construction and activities. This shows the high belief of the party and the leader, who has raised our intellectuals as a component part of the main force of the revolution and led them.

To be eternal fellow travelers of the party means to become the chuche-type communist revolutionaries who entirely entrust the party with their own fate and share their fate with the party to the end.

Intellectuals should share their intentions with the party and follow the party in the long and arduous revolutionary road to achieve the chuche-oriented revolutionary cause.

To be faithful supporters of the party means to absolutely support and safeguard the party's intentions, plans, line, and policy. This also means to be reliable cooperators who support the party's cause through practical success. Only when intellectuals uphold the party's cause by devoting ability and wisdom can they glorify the title.

To be good advisers to the party means to be energetic thinkers and positive activists who offer constructive plans and methods to settle issues in carrying out the revolution, with firm conviction in the justness of the party's cause and in the victory of the revolution.

Intellectuals should always use their knowledge and consider the prosperity and growth of the socialist fatherland and the consummation of the chuche-oriented revolutionary cause. By so doing, they should learn good methods and offer constructive opinions at the proper time.

The party's and the leader's confidence and expectation in the party and the leader toward our intellectuals are very great. Intellectuals should do the work well to set up the revolutionary outlook on the leader in order to reward the party and the leader for raising themselves as eternal fellow travelers, faithful supporters, and good advisers.

The work to set up the revolutionary outlook on the leader means training intellectuals into loyalists and dutiful children who believe and follow the party and the leader under any circumstances. Only when intellectuals continuously train and temper themselves through studies and practices can they firmly set up the revolutionary outlook on the leader.

KCNA Reviews 4 Oct Pyongyang Press

SK0410054791 Pyongyang KCNA in English 0454 GMT 4 Oct 91

[Press review]

[Text] Pyongyang October 4 (KCNA)—Papers here today give frontpage prominence to a photo-accompanied report that the great leader Comrade Kim Il-song, general secretary of the Central Committee of the Workers' Party of Korea and president of the Democratic People's Republic of Korea, left Sinuiju to pay a visit to the People's Republic of China and a report that he arrived in Dandong, a border city of China.

Radio Beijing broadcast an article stressing that President Kim Il-song's visit to China would open a bright new chapter in China- Korea friendship, says NODONG SINMUN.

The paper reports that President Kim Il-song sent messages to foreign party and state leaders in reply to their messages of greetings on the occasion of the 43rd founding anniversary of the DPRK.

The paper carries news that President Kim Il-song received messages of greetings and congratulatory letters from foreign countries on the occasion of the 43rd birthday of the DPRK.

Given in the press is a message of greetings sent by President Kim Il-song to Aneerood Jugnauth upon his reelection as prime minister of Mauritius.

MINJU CHOSON introduces the Komdok mining complex which has been turned into a powerful nonferrous metal ore production base under the wise guidance of the great leader President Kim Il-song and the dear leader Comrade Kim Chong-il.

The literary and art publishing house brought out "Songs to Lodestar", a collection of one hundred paeans created by Korean people, Koreans overseas and foreigners warmly revering Comrade Kim Chong-il, says NODONG SINMUN.

The paper comes out with an article entitled "Wise Leadership of Our Party in Rallying All Classes and Strata and Strengthening the Driving Force of Revolution".

Printed in the press are the full text of a speech delivered by Yon Hyong-muk, premier of the Administration Council of the DPRK, at the 46th session of the General Assembly of the United Nations and news that Premier Yon Hyong-muk met the Zimbabwean president and paid a courtesy call on the secretary general of the U.N.

NODONG SINMUN gives an account of the 17th plenary meeting of the Central Committee of the Union of Agricultural Working People of Korea.

International solidarity meetings supporting Korea's reunification were held in provincial seats, according to the paper.

Papers carry an account of a press interview with participants in the internatinal solidarity march for supporting Korea's reunification held in Pyongyang.

Printed in the press is a resolution adopted at the national meeting of Bangladesh for supporting Korea's reunification. The reporter and speakers at the meeting supported the efforts of the DPRK Government for reunification, says the press.

NODONG SINMUN carries a statement issued to the press by the chairman of the Central Committee of the Korean Christians Federation denouncing the South Korean authorities for blocking the visit of students of Konkuk University to the North.

Appearing in the press is an account of a meeting of teachers and students of Songdo University condemning the U.S. imperialists and No Tae-u fascist ruling quarters for brutally murdering Han Kuk-won, a postgraduate of Seoul National University.

The U.S. imperialists and the South Korean puppets staged war exercises and aerial espionage against the North, says NODONG SINMUN.

A commentary of the paper denounces the South Korean ruling group for demanding imprisonment for the fathers of students Kang Kyong- tae and Pak Chong-chol.

Students Pak Song-hui and Song Yong-sung, delegates of the National Council of Student Representatives (Chondaehyop) of South Korea visited different parts of Pyongyang, according to the press.

Papers report that Chondaehyop dispatched its delegate to the United States to wage abroad a struggle for national reunification.

A meeting for early realization of the normalization of Japan- DPRK diplomatic relations was held in Tokyo and Shin Kanemaru, Liberal Democratic member of the House of Representatives and former deputy prime minister, met the Korean youth delegation in Tokyo, according to the press.

It is reported in the press that heads of state and government and foreign ministers of different countries congratulated the DPRK upon its admission to the U.N. in their speeches at the 46th U.N. General Assembly session.

Seen in the press is news that the DPRK permanent delegate presented credentials to the general director of the U.N. Secretariat in Viena and the 15th annual meeting of foreign ministers of G-77 was held during the U.N. General Assembly session in New York.

NODONG SINMUN carries a travelogue to China of its delegation which visited Xian, seat of Shaanxi Province, China. The paper reports about the recent situation of the Soviet Union.

The 20th meeting of the Palestinian National Council was held and an international meeting on reducing disasters was held in Tanzania.

South Korea

Talks on U.S. Nuclear Arms Withdrawal Scheduled

SK0410104391 Seoul YONHAP in English 1012 GMT 4 Oct 91

[Text] Seoul, Oct. 4 (OANA-YONHAP)—Timetable for withdrawal of U.S. tactical nuclear weapons from South Korea is an urgent issue, and Seoul and Washington will soon hold talks on it, Vice Foreign Minister Yu Chong-ha said Friday.

Yu refused to say exactly when the talks will be held, saying it must be agreed upon by the two sides.

Yu similarly hinted Seoul will make a progressive proposal to Pyongyang at the fourth inter-Korean prime ministers' talks later this month, saying a non-aggression pact demanded by North Korea is not enough to improve Seoul-Pyongyang relations.

Yu, appearing before the National Assembly Foreign Affairs-Unification Committee, said South Korea and the United States will soon negotiate the timetable for pullout of American tactical weapons, hinting early withdrawal of U.S.-deployed nuclear arsenal.

There is no proof that North Korea will refuse outside inspection of its nuclear facilities, Yu told the committee. North Korea is more likely to allow inspection considering the current political climate and its interest.

If North Korea continues to delay it, the United States, Japan, China, the Soviet Union and all other members of the International Atomic Energy Agency will put heavy pressure on Pyongyang, Yu predicted.

The non-aggression pact demanded by North Korea is not enough by itself to greatly advance inter-Korean relations, the vice foreign minister said.

Considering South and North Korea's parallel entry to the United Nations, the two sides will work on a more well-balanced proposal at the inter-Korean prime ministers' talks, he said.

Yi Sang-ok Says N-S Ministers Talks Unlikely

SK0410092991 Seoul CHUNGANG ILBO in Korean 4 Oct 91 p 2

[By New York-based correspondent Pak Chun-hyon]

[Text] On 3 October Foreign Minister Yi Sang-ok, who is visiting New York, said that the possibility of talks with North Korean Foreign Minister Kim Yong-nam in New York is very slim.

In a meeting with reporters, Minister Yi noted that he directed the ROK mission to the United Nations to sound out the North Korean mission about the possibility of North-South foreign ministers' talks, but the North Korean mission did not reply.

Minister Yi added that in view of North Korean Premier Yon Hyong- muk's address to the United Nations on 3 October, North Korea seems to have no intention of North-South foreign ministers' talks.

Foreign Minister Yi Sang-ok and North Korean Foreign Minister Kim Yong-nam met at the luncheon arranged by UN Secretary General Perez de Cuellar on 30 September. At this meeting, Minister Yi proposed to North Korean Foreign Minister Kim that they "meet again," and Minister Kim accepted this proposal. Thus, people's expectations for North-South foreign ministers' talks were very high.

Measures To Stop North N-Arms Program Planned

SK0410044491 Seoul YONHAP in English 0430 GMT 4 Oct 91

[Text] Seoul, Oct. 4 (YONHAP)—The government, convinced that North Korea hasn't changed its nuclear policy, has decided to work out measures to stop Pyongyang from developing nuclear weapons, a government source said Friday.

The decision came after North Korean Prime Minister Yon Hyong-muk delivered a speech Wednesday at the United Nations General Assembly in which he repeated the past North Korean position on nuclear arms.

The road will be open, he said, for his country to agree to international inspection of its nuclear facilities if the United States withdraws its tactical nuclear weapons from South Korea.

U.S. President George Bush said last week that he will scrap all land-based nuclear weapons in Europe and Asia, the type believed to be deployed in South Korea.

Despite Bush's pledge, however, Yon simply reiterated his country's position in his speech. North Korea has said it will open its nuclear facilities only after the United States withdraws its nuclear arms from South Korea.

If North Korea continues to adhere to this policy at the 4th inter-Korean prime ministers meeting in Pyongyang on Oct. 22, South Korea will have to re-evalute its security policy in the Korean peninsula, said the source who insisted on anonymity.

According to this source, the new measures may include a possible resolution at the United Nations General

Assembly or the Security Council designed to press Pyongyang to open its nuclear facilities or to impose an economic sanction against North Korea.

The government plans, he said, to work out measures at meetings of cabinet ministers concerned with national security. The first meeting is likely to be held after Foreign Minister Yi Sang-ok returns home from the United Nations on Sunday.

The government is expected to launch a diplomatic initiative to persuade the Soviet Union and China to pressure North Korea to abandon its intention of developing nuclear weapons, the source said.

He said the government also plans to work closely with the United States in formulating its new policy toward North Korea. The government is scheduled to discuss issues related to the North Korean nuclear program at the annual U.S.-South Korean security consulation meeting to be held in Honolulu in November and during Bush's visit to South Korea later in the year, he said.

Use of Force Ruled Out

SK0410061091 Seoul YONHAP in English 0559 GMT 4 Oct 91

[Text] Seoul, Oct. 4 (YONHAP)—Vice Foreign Minister Yu Chong-ha on Friday ruled out a possible use of forces against North Korea's nuclear facilities.

Speaking at a National Assembly Foreign Affairs and Unification Committee hearing, Yu said the government is contemplating "nothing other than diplomatic efforts" to help prevent North Korea from developing nuclear weapons.

Yu made the remark a week after Defense Minister Yi Chong-ku hinted a possible military strike against North Korean nuclear facilities.

Yu also said the government will discuss with the United States on President George Bush's announced plan to withdraw tactical nuclear weapons from Asia.

"But the U.S. nuclear weapons withdrawal plan cannot be the subject of our negotiations with North Korea," Yu said.

Yu said there will be no change in the U.S. and South Korean policy of opposing the de-nuclearization of the Korean peninsula as long as North Korea refuses to sign the nuclear safeguard accord and open its nuclear facilities to international inspection.

Regarding the annual U.S.-South Korean military exercise, codenamed "Team Spirit," Yu said it is recognized internationally as a defensive rather than offensive exercise. As such, he said the government does not feel the need for its suspension as demanded by North Korea.

North Said To Develop Scud Mobile Launcher

SK0410062491 Seoul YONHAP in English 0611 GMT 4 Oct 91

[Text] Seoul, Oct. 4 (YONHAP)—North Korea recently succeeded in firing a Scud missile from a mobile launcher, the director of the Agency for National Security Planning revealed Friday.

North Korea developed a mobile launcher because Iraq's fixed Scud launchers were the target of allied attack in the Gulf war, So Tong-kwon said in testimony before the National Assembly Defense Committee.

It fired a Scud-C missile with a range of 500 kilometers from a mobile launcher at a frontline base in Kangwon Province in July, he said.

The missile hit a target in the East Sea. The mobile launch equipment comprised a transport vehicle, a lifting device and a launcher, he said.

It was believed that North Korea had the technology to make a mobile launcher with a speed of more than 70 kilometers per hour, he said.

North Korea has 36 Scud-C missiles at its Scud regiment in Sariwon, 50 kilometers north of the Demilitarized Zone, and has been exporting the weapon to the Middle East since 1989.

It is developing a missile with a range of 1,000 kilometers, So said, and has deployed many weapons and troops near the border and miniature submarines in the East and West Seas.

It also had An-2 aircraft for low-altitude infiltration, hovercraft with a top speed of 90 kilometers per hour and kamikaze-style mini-submarines, he said.

The submarines have one or two seats and can carry 1.5 tons of explosives, enough to sink a large warship, he said.

North Korea conducted infiltration drills with 20 to 30 hovercraft in the East and West Seas in July, which were observed by President Kim Il-song.

The hovercraft are not only fast but have zero draft so they can operate on water, land, mud flats or sand. North Korea has some 70 of them, So said.

North Korea had succeeded in manufacturing and test flying Antonov-2 light planes and its irregular combat power would be stepped up considerably when it begins mass producing the An-2, he said.

Impact of Closer Ties With Beijing Analyzed

SK0310140091 Seoul YONHAP in English 0906 GMT 3 Oct 91

[News analysis by Yi Tong-min]

[Text] Seoul, Oct. 3 (OANA-YONHAP)—Wednesday's meeting between South Korean and Chinese foreign ministers cut the tape to new bilateral relations that will draw Beijing directly into the political changes on and around the Korean peninsula.

The foreign ministers' meeting, first ever between South Korea and China, attests to the nearing Seoul-Beijing full diplomatic normalization. What was said at the meeting attests to a new direction future South Korea-China relations is headed, a direction in which Beijing would gain a voice on issues involving the Korean peninsula and South Korea would negotiate with and ask support from China.

South Korean Foreign Minister Yi Sang-ok and his Chinese counterpart Qian Qichen met for 35 minutes in a United Nations conference room. The meeting was a full-fledged contact between the two foreign ministries with other ranking officials attending.

Although South Korean officials warn against aggrandizement, they do say that the meeting signals a significant step forward in bilateral relations.

China is known for its diplomatic prudence, never overstepping in words or in action unless fully ready. Officials here say China would never have agreed to such an open contact at such a high level unless it was ready for commitment equivalent to its action.

Seoul and Beijing already worked on economic ties after exchanging trade representatives early this year. Officials here expected diplomatic progress after South and North Korea's entry to the United Nations. It was China that influenced North Korea to seek simultaneous U.N. membership with South Korea after saying it will no longer veto Seoul's admission.

The foreign ministers' meeting fulfilled this expectation of diplomatic progress, officials here say. Slowly but surely, China is approaching South Korea in a way that minimizes risks in its traditional ties with North Korea but at the same time maximizes on potentials that lie in relations with South Korea.

Potentials are promising for both South Korea and China as they become closer.

Just as the Soviet Union gained a firm foothold in the Asia- Pacific region through diplomatic normalization with South Korea, China will also have a bigger say on matters concerning the Korean peninsula and the region as Seoul-Beijing ties become stronger.

China may seize this opportunity to come out of its observer position and exert influence on regional issues.

South Korea, meanwhile, would gain a new partner who can provide valuable support for South Korea on inter-Korean and regional matters.

Qian in the meeting said he hopes for "cooperative relations between South and North Korea" after their simultaneous entry to the United Nations. China who remains closely allied to North Korea is in a position to push inter-Korean relations in such a cooperative direction.

Qian also said he hopes for denuclearization of the Korean peninsula, another area where China could pull influence on North Korea.

China's position on these issues could be critical at this particular juncture, making Beijing a mediator.

North Korean President Kim Il-song begins his visit to China Friday.

Intimate consultations on North Korea's signing of the nuclear safeguards accord, its future diplomatic policies following the fall of communism in the Soviet Union, and Pyongyang-Beijing ties are certain to come up during Kim's visit.

Seoul and Beijing are lined up for series of formal contacts as well. Qian is expected here next month when Seoul hosts the Asia- Pacific Economic Cooperation (APEC) ministerial conference where China will be admitted as a new member.

South Korean Foreign Minister Yi is to visit China next April to attend the 48th session of the Economic and Social Commission for Asia and the Pacific (ESCAP).

In between, South Korea and China will maintain a dialogue channel at the United Nations, officials say.

China's appearance on the Korean peninsula and the Asia-Pacific is no minor change to the regional picture. Japan, the United States, and the Soviet Union are fiercely securing their foothold on the Korean peninsula, the crossing point of their diplomatic interests.

China will be another superpower to join the picture.

Aerospace Firms Seek Soviet Technology Transfers

SK0410031091 Seoul YONHAP in English 0214 GMT 4 Oct 91

[Text] Seoul, Oct. 4 (YONHAP)—South Korean aerospace companies are seeking technological cooperation with the Soviet Union as advanced Western nations are refusing to transfer technology to them, industry sources said Friday.

Daewoo Heavy Industries Co. has initialed agreements with several research institutes affiliated with the Soviet Aerospace Industry Ministry to introduce advanced technologies related to planes and helicopters, pre-flight testing of aircraft and developing carbon-compound materials for brake discs, according to the sources.

The company, a subsidiary of the Daewoo group, and the Soviet ministry have negotiated technology transfer since March last year.

Samsung Aerospace Industries Ltd. and the Soviet Central Aero- Hydrodynamics Institute agreed in February to jointly develop carbon-compound materials for aircraft bodies and exchanged researchers in June. Samsung plans to introduce technology to develop an engine, the sources said.

GATT Talks' Influence on Economy Analyzed

SK0310030491 Seoul THE KOREA HERALD in English 3 Oct 91 p 7

[Article by Kim Chuk-kyo, president of the Korea Institute for International Economic Policy: "Uruguay Round, Korea Economy"]

[Text] After becoming an official member of GATT in 1964, Korea achieved rapid economic development, primarily due to a dramatic expansion in exports under the free trading environment provided by the multilateral trading system of GATT. Being a relatively small country with a huge dependence on foreign trade, Korea needs to rely on a free multilateral trading system for its continued growth. Furthermore, to avoid unilateral and bilateral liberalization pressure from major trading countries, it is imperative for Korea to join others in strengthening the multilateral trading system of GATT. Korea also firmly believes that, in this inter-dependent world, Korea needs liberalization and internationalization of its economy based on fair and free international competition which can only be accomplished through a strengthened multilateral trading system.

For these reasons, Korea has been actively participating in the Uruguay Round since its beginning. Korea has submitted written proposals for each of the individual issues and is taking active part in both formal and informal negotiating sessions, particularly those on anti-dumping, trade in services, and TRIPs [Trade-Related Aspects of Intellectual Property]. Furthermore, in tariff negotiations, Korea has proposed a reduction of its average tariff rate by 33.5 percent and an increase in its tariff binding level up to 81 percent, demonstrating its willingness to make a contribution to the success of the Round.

In the area of agriculture, Korea looks forward to a balanced framework which accommodates non-trade concerns, particularly in major agricultural products such as rice, which is of vital interest to Korean farmers. Reform of trade in agriculture is certainly important to the success of the Uruguay Round, but in achieving this reform, the vital interests of participating countries should be properly reflected.

On textiles, Korea has for a long time stressed the need to reach an agreement at the earliest date on the modality for the integration of this sector into the GATT. It is regrettable that an agreement has not yet been reached. Korea continues to believe that an MFA [Multi-Fibre Agreement]-based approach is the only viable option and that any modality which implies continuation, or an abrupt change in the current trading system, is difficult to accept. Here, the real political determination of the key players is needed.

Korea has a keen interest in strengthening the rules and procedures regarding the calculation of dumping and subsidy margins, determination of injury, and remedies thereto, in order to eliminate any possible use of antidumping and countervailing actions as a means of protectionism.

On a number of occasions, Korea has stressed that the widest participation in the final outcome should be the most important objective in the negotiations concerning trade in services. In this regard, Korea believes that any basis of agreement on services must be fully consistent with both the MFN principles and principle of progressive liberalization based on the level of economic development.

Korea's active participation in the Round is not all that easy because it will be accompanied by new responsibilities and burdens. Korea, as a full-fledged member of a strengthened GATT system, will have to open additional markets, abide by international rules and practices in its management of the economy, and dismantle all measures which discriminate against foreign goods and services.

The impact of the Uruguay Round on the Korea economy, however, is not necessarily all negative. There could be tremendous potential gains from a strengthened multilateral trading system, such as expansion of export opportunities, increased consumer welfare, opportunity for high-technology transfer, avoidance of bilateral trade friction and most importantly, facilitating competition and structural adjustment. The Korean government, therefore, believes that despite some initial disruptions and difficulties, the successful conclusion of the Round will eventually help promote industrial restructuring and strengthened international competitiveness of the Korean industries. Of course, those potential benefits will not automatically be realized because market liberalization alone does not necessarily lead to strengthened industrial competitiveness and smooth structural adjustment. There are a number of policy measures and actions to be taken by the government as well as private firms in order to maximize the benefits of liberalization. The government should, first of all, provide the macroeconomic stability which is an essential precondition for trade liberalization of the national economy. In this respect, continued efforts by the Korean government are needed to ensure the price stability and balance of payments equilibrium which has been stumbling in recent years.

As the market opening may cause some short-term difficulties, the government needs to provide appropriate and timely assistance for structural adjustment, especially for agriculture and some service sectors which are structurally weak. The protective measures and regulations that hinder competition also have to be eliminated or revised. The private firms, on the other hand, should focus more of their efforts on the development of technology-intensive products, expansion of R & D [research and developed] expenditures, exploration of new export markets, and improvement of managerial efficiency, etc.

Considering the importance of the Uruguay Round for the world trading system and its implications for the Korean economy, the Korean government is fully committed to strengthening the multilateral trading system and, therefore, prepared to carry its share of responsibility to achieve a successful conclusion of the Round. A successful conclusion of the Round reburies, however, constructive efforts from all participating countries, particularly from major players on such issues as agriculture. The agriculture- negotiating group must find a way to accommodate free trade principles with the reality of agricultural conditions in the respective countries. Furthermore, the developed countries which have so far dominated the negotiations should accommodate the interests of developing countries in issues such as textiles, antidumping, safeguards, etc. Equally important is that developing countries should take a cooperative attitude toward new issues such as services, intellectual property rights and trade-related investment measures.

The world economy is now at a crossroad. The coming months will determine whether the world economy will be unified behind a strengthened multilateral trading order or move toward regional economic blocs characterized by bilateral or unilateral trade relations. The cooperative attitude and concerted action of all participating countries are now required more than ever in this final stage of negotiations.

Kim Il-song Reportedly To Extend Stay in PRC

SK0410052591 Seoul CHUNGANG ILBO in Korean 2 Oct 91 p 1

[Text] It was learned that North Korean President Kim Il-song, who will visit China on 4 October, will stay in China not for four days, as was originally thought, but for ten days, an unusually long period. This is noteworthy.

It has been reported that Kim Il-song would visit China on 4-7 October. However, it is presumed that he will stay in China until 13 October; ten days during which he will also visit China's special economic zones.

An ROK Government source said on 2 October that the upcoming visit to China by Kim Il-song is noteworthy in view of the fact that, unlike his previous visits to China, this visit was announced beforehand and is an unusually long visit. He also said that this means that North Korea is facing difficulties and has many pending issues to discuss with China, adding that he thinks that Kim Il-song's is more than a goodwill visit and that high-ranking working- level consultations would probably take place between the two countries.

He also said that Kim Il-song would stay in China for a long period primarily to visit China's special economic zones and that the two countries would also discuss North Korea's nuclear development, power succession, ways to overcome North Korea's economic difficulties, and, in particular, China's relations with the ROK.

He also said that Kim Il-song's particular attention to China's economic development is related to North Korea's establishment of special economic zones and that, in view of the fact that North Korea has recently praised China's pragmatic line, this indicates the possibility that North Korea may follow China's pragmatic line, while strengthening solidarity with China and other socialist countries in Asia.

The source also said that if North Korea follows a pragmatic line, including the establishment of special economic zones, this would serve as an opportunity to speed up the establishment of North-South Korean joint ventures.

He also said that while making efforts to strengthen solidarity with China, North Korea would strongly demand that China develop its relations with the ROK no further than the level of trade relations and that China's response to this would be noteworthy.

He also said that during his visit to China, Kim Il-song would try to find ways for North Korea and China to jointly respond to U.S. President Bush's new nuclear policy and that, in this process, there would be negotiations for North Korea to get assistance from China.

North Reorganizes, Opens Up Tourism Bureau

SK0410072691 Seoul YONHAP in English 0703 GMT 4 Oct 91

[Text] Seoul, Oct. 4 (YONHAP)—North Korea has reorganized its International Tourist Bureau, dividing it into three sections by regions to cover—Southeast Asia, Japan and the rest of the world—and is actively seeking business contracts with foreign companies, an official at South Korea's National Tourism Corp. (KNTC) said Friday.

North Korea recently signed contracts with Discover World and other Japanese travel agencies, expanding its channel of contact with Japan which has thus far been limited to Chugai Travel Co. and Nicchu International Travel Service, the KNTC official said.

Discover World is to send 150 Japanese tourists to North Korea on Oct. 23 and 200 at the end of the year, the official said.

The week-long package tours cost 400,000 yen (2,288,000 won) and start from Beijing. They go to Wonsan, Pyongyang, Mt. Paektu, Mt. Myohyang, Mt. Kumgang and Nampo.

Discover World is finding it difficult to organize new tours due to the shortage of hotels in Nampo and

Wonsan and poor air service between Beijing and Pyongyang, the official said.

Complicated visa procedures caused by the lack of diplomatic ties between Japan and North Korea aggravate the situation, he added.

North Concerned About Athletes' Defections

SK0410033491 Seoul THE KOREA HERALD in English 4 Oct 91 p 11

[Text] The nerves of North Korean team officials seemed to be strained over the possible defection of players during the 64th World Weightlifting Championships.

Unlike other countries, North Korea has sent more officials than players to the championships.

Officially, the North Korean team consists of five officials and six lifters. Three unknown officials have also been included, South Korean news agency Yonhap reported yesterday from Donaueschingen, Germany, venue of the championships.

The North Koreans arrived Sept. 29, three days after the championships opened, allegedly because of belated visa applications.

Upon seeing South Korean officials and players at the championships, North Koreans would ask them, "How is Yi Chang-su going nowadays?" Yonhap said.

Unlike in the past they also shunned further talks with the South Koreans.

Former North Korean judoist Yi defected to South Korea after an international meet in a third country this year.

Quoting unidentified South Korean officials, Yonhap also reported, the North Koreans had told them: "Guidance comrades out there are keeping a close eye on us. They won't allow us out of the gymnasium and our lodging."

At first, North Korean officials said to South Korean officials, "South Korean authorities kidnapped Yi," but after some persuasion they seemed to admit that Yi had defected voluntarily, Yonhap quoted them as saying.

The North Korean delegation left Germany Oct. 2, shortly after their last event, the men's 75kg division, had ended.

South To Propose More Economic Exchanges

SK0410014791 Seoul YONHAP in English 0129 GMT 4 Oct 91

[Text] Seoul, Oct. 4 (YONHAP)—South Korea will make various proposals on economic exchange and cooperation with North Korea during a U.N. Development Program [UNDP] meeting and inter-Korean prime ministers' talks this month.

The government thinks that the UNDP meeting Oct. 15 and the prime ministerial talks Oct. 22, both in Pyongyang, will be crucial opportunities to activate economic exchanges and so it will use those occasions to make proposals designed to promote direct trade between the two Koreas and joint investment, government officials said Friday.

It will send a delegation led by an assistant minister-level official to the UNDP meeting.

Delegations from seven countries, including both Koreas, will discuss development of the Tuman River region in the UNDP conference. The other participants will be the United States, the Soviet Union, Japan, China and Mongolia.

The South Korean team will explore whether North Korea has changed its attitude on inter-Korean economic exchanges as a result of recent international developments and will reveal how South Korea intends to actively support North Korea's plans to develop the Tuman River area into a special economic zone.

The South Korean delegation will express firm willingness to support the development plan by encouraging South Korean firms to participate.

If North Korea were to open east coastal areas such as the Tuman River basin, joint ventures using South Korean capital and technology and North Korean labor would be possible, an official said.

Companies in sectors wanted by North Korea would be given preferential treatment and the government would try to open an inter-Korean settlement account to convert from indirect to direct trade, he said.

Because of the shortage of hard currency in North Korea, South Korea would pay for imports with the U.S. dollar or Swiss franc and accept payment in kind, for the time being, he said.

The South would propose in the prime ministers' talks that Seoul and Pyongyang conclude agreements on free travel, trade and communication, and promote direct trade, joint ventures, joint development of tourist attractions in North Korea and joint advancement into third countries, he said.

It would also urge Pyongyang to agree to form a joint South-North Korean economic committee headed by two deputy prime minister-level officials, one from each side, at an early date.

Trend Toward Heavier Judicial Sentences Noted

SK0310020391 Seoul THE KOREA TIMES in English 3 Oct 91 p 3

[Text] Heavy sentences, including capital punishment and life imprisonment, have been on a rapid rise in the past few years, a recent poll by the Supreme Court shows.

Thirty-six persons were sentenced to death at first trials last year, almost double the figure for 1989.

Of these, 24 were given capital punishment for homicide, 10 for robbery-murder, one for arson and one for the violations of the National Security Law.

The highest court statistics also show that convicts sentenced to death numbered eight in 1986, 18 in 1987, 15 in 1988 and 17 in 1989.

The rise of death sentences is a barometer indicating the upsurge of felonious crimes, criminologists said.

Human rights advocates claimed, however, that the judicial body is making judgments on heavy penalties in line with the government's anti-crime and anti-corruption war which was launched last year under President No Tae-u's orders.

Court officials also accepted that the rise of death sentences is in part due to the government's favoring the principle of martinetism and also public anxiety because of the ever increasing number of felonies like robbery-murder, rape-murder and organized gang crimes.

The number of convicts sentenced to life in jail were 150 last year, more than twice the 70 so sentenced the previous year.

Sentences of more than 10 years in jail also have marked a sharp rise in recent years, the statistics disclosed. Those sentenced to more than 10 years in prison numbered 475 in 1990, 324 in 1989, 337 in 1988, 296 in 1987.

In the meantime, only 0.37 percent or 478 out of the total 126,783 persons tried on criminal charges were acquitted at first trials last year.

Army Road Construction Corps Activated

SK0410032491 Seoul YONHAP in English 0253 GMT 4 Oct 91

[Text] Seoul, Oct. 4 (YONHAP)—The Army Heavy Construction and Engineering Corps, activated in a ceremony Friday, will be used to help build infrastructure and invigorate the economy by filling the manpower shortage in the construction field from next month.

The newly-created corps comprises one headquarters and four field engineering battalions of 100 officers and 1,460 soldiers with 515 bulldozers, excavators, 15-ton dump trucks and other equipment.

On hand at the ceremony at an Army unit were Army Chief of Staff Gen. Yi Chin-sam, other ranking officers and civilian dignitaries.

Meanwhile, the Army's Free Road Construction Corps, formed to help build a road connecting North Korea in a symbolic move to highlight aspiration for national unification, road-bedded the 10- kilometer Kusanri-Odusan (Unification Hill) section of the 28-km road between August 1990 and June, the Army said. It will finish the 12-km Unification Hill-Munsan section by 1992. Free Road will connect Hangju Bridge with Unification Hill.

The Army mobilized 170,000 soldiers and 26,000 pieces of equipment to help build three notoriously troubling sections of the Kyongbu Expressway in 1968.

The new corps will be available in time of national calamities like floods and contribute to enlargement of Korea's infrastructure, a spokesman for the Army said.

Environment Ministry Said Lax in Practices

SK0410031291 Seoul THE KOREA TIMES in English 4 Oct 91 p 3

[Text] The Environment Ministry has yet to impose specific regulations on auto exhaust emissions, making it almost impossible to crackdown on cars which add to air pollution.

According to a report presented yesterday to the National Assembly currently inspecting government agencies, the Board of Audit and Inspection (BAI) said although 20 teams comprising a total of 40 personnel have been organized for auto emission checks, there is little that can be done against violators.

The BAI pointed out that a number of the 40 personnel assigned to the team are not nearly experts in the field which require extensive knowledge about automobiles and their effects on air pollution.

The report indicated that the ministry has also failed to provide regulations on the emission of hazardous gases by diesel-engine vehicles, making it difficult to understand what the inspection teams are checking for.

In addition, BAI said at least one company representing the ministry in conducting environmental impact assessments (EIAs) has not recorded a single working assignment for two years but remained under contract.

Pertinent regulations call for the expiration of any such contracts with companies who are unable to undertake over one case in two years and the BAI said environmental officials processed faulty paperwork confirming that the firm in question had in fact done work for the ministry.

Detailed checks by the BAI also revealed that 14 of the companies contracted by the ministry in a range of areas did not have a single environmental expert on their payroll.

Among other questionable issues discovered by the BAI on the operation of the Environment Ministry was that eight firms in Pusan were using solid fuel without due authorization.

Problems in Trade Balance Analyzed

SK0310022491 Seoul THE KOREA HERALD in English 3 Oct 91 p 6

[By staff reporter Choe Song-chin: "'New Start' Urged To Improve Trade Balance"]

[Text] All through this year, government officials have blamed galloping imports rather than creeping exports for the red on Korea's trade balance sheet.

The country's exports in September plunged 7.7 percent to $5,663 million from the same month last year, the biggest year-on-year loss since January 1990, when shipments tumbled by 10.1 percent.

September setback was even more noticeable as it came against the year's lowest import gain of 4.4 percent to $6,420 million.

The monthly trade gap of $757 million has increased the accumulated trade deficit to an all-time high of $9,641 million, as shown by figures released by the Ministry of Trade and Industry [MIT] Tuesday.

These gloomy numbers are especially disappointing in that they made little of the ministry's all-out efforts to narrow the trade gap that month.

Korea's exports had shown notable recovery until the first half of this year by averaging a growth rate of 13.8 percent although failing to match the rocketing import increase rate of 24.1 percent.

Ministry officials blame such seasonal factors as the five-day Chusok holiday and Typhoon Gladys which conspired to cause production and overseas shipment losses of at least $600 million in September.

Those engaged in export, however, do not appear to entirely agree with the government.

"If the current trade gap is left uncurbed, the MTI's third revised trade deficit management goal of $8.9 billion by the year's end will end only as a target," business officials said.

In January, the ministry projected the 1991 trade loss at $6 billion with exports reaching $73.5 billion and imports growing to $79.5 billion. The deficit estimation was revised to $8 billion early September and again to $8.9 billion toward the end of the month.

The officials, however, believe their latest deficit target will be hit.

Yi Suk-yong, director of the MTI's Export Promotion Division, cited three factors as grounds for optimism: the slowly but steadily depreciating won; the release of 200 billion won to help promote shipments to Japan which account for 70 percent of Korea's total trade loss; and the start of $800-million consumer goods shipments to the Soviet Union under Seoul's credit provision.

The business officials, while giving credit to seasonal factors, pointed to more structural and long-term reasons for the gloomy September export perfomance.

A more plausible reason for the export drop can be found in the weakened competitiveness, both in price and quality, of Korean export goods in most inernational markets, they said.

Major Korean export goods have long been surpassed by those of less developed countries in Southeast Asia in terms of price competitiveness, the businessmen said. As for quality, they are still no match for Japanese goods.

Korean exports are sandwiched between cheaper Southeast Asian goods and superior products from industrial countries.

That explains why the regions in which Korean exports are still popular are limited to such medium-string markets of the Middle East and Southeast Asia.

Seoul enjoyed trade surpluses with only those two regions last month.

Most business officials are requesting drastic government policy support as a shot in the arm for the ailing export industry.

The measures they cited include sharper and artificial devaluation of the won and much higher export financing.

The government, however, should not resort to "injections" because they are not desirable in the long term, industrial observers say.

Such stop-gap measures may help regain export momentum in part, as in the past, but will eventually weaken the economy in the long term, they said.

The better way, although it may take more time and effort, is to strengthen competitiveness through greater investment in technology and facilities, they said.

Any abrupt import restraints are not desirable in view of damage to amicable trade relationships with major trade partners.

MTI Minister Yi Pong-so, apparently, albeit somewhat belatedly, recognizing the seriousness of the current situation facing the export industry, has placed his ministry in a state of emergency, until the end of this year.

All ranking officials are now going all out to encourage exporters on the industrial scenes.

For these efforts to bear fruit, however, the watchers said, both the government and businesses should make fresh "new starts."

The government should try to funnel more of the country's financial and human resources to productive manufacturing lines away from the s?rvice sectors, while trimming its own expenditure.

Major business firms for their part should no longer resort to easy and quick money-maki+g such as through realty speculation and domestic construction, and step up efforts to make firms technologically superior through specialization and internationalization, they said.

Proposed Budget Increases Cause Concern

SK0410035091 Seoul THE KOREA HERALD (Supplement) in English 4 Oct 91 p 5

[By business editor Chong Pong-uk: "Government Budget Bill Defies Public Demand for Thrift"]

[Text] Amidst public outcry for government restraint in spending, the administration sent the budget bill for fiscal 1992 to the parliament for approval last month. It was scaled at 33.5 trillion won (about $45.28 billion)

The Budget Office at the Economic Planning Board [EPB] contends that the 1992 budget is not expansionary as it represents a meager 6.8 percent increase over this year.

Quoting the criticism of business leaders and scholars, the local mass media argues that it is expansionary.

If the National Assembly endorses the budget bill with no modification, government outlays for next year will increase by as much as 24.2 percent over this year's initial spending schedule, which excludes an additional 4.4 trillion won under two extra budget bills enacted to meet unexpected fiscal demands—contributions to the Gulf war and outlays for flood victims and damages.

As revealed by figures from the Budget Office, the expansionary nature of next year's bill is evident when compared with the increase rates of the initial budget over the final budget the previous year, which stood at 4.3 percent in 1989, 2.9 percent in 1990 and minus 1.7 percent in 1991.

Since 1983, budgeting officials called for pacing the budget increase rate with the envisioned nominal economic growth rate as the guiding principle in drafting the budget.

They stuck to this rule, by and large, until last year, when the initial budget increase rate was set at 18.9 percent against an expected 11.3 percent nominal GNP growth in 1990.

This year again, the budget increase rate was higher at 18.9 percent against an envisioned 12.9 percent economic growth in 1991.

It could be argued that the initial increase rates in 1990 and 1991 over the budget the previous year were 2.9 percent and minus 1.7 percent. But extra budgets pushed up the increase rates on a final basis to 24.5 percent in 1990 and to 14.3 percent in 1991.

Briefing the reporters on the budget bill for next year, chief budgeting official, Pak Chong-pu, said it was drafted in such a way as to enhance the fiscal function and role for the Korean economy. Despite his emphasis on stability for the local economy, his words may indicate an expansionary nature.

Government spending set that much for next year, which more than double 16.06 trillion won spent in 1987, may be inevitable in light of the many projects essential to strengthening the international competitiveness of Korean industries and improving the living environment for the citizens.

The bill sets 4,234.8 billion won for expansion of social overhead capital, a 19.2 percent increase over 3,552.5 billion won this year.

Projects for restructuring the farming, forestry and fishery sector, will take 2,365.4 billion won, a 38.3 percent rise from this year's 1,710.4 billion won.

Increase rates are 13.6 percent for R&D [research and development] plus manpower training projects, 14.9 percent for antipollution programs, 33.8 percent for promotion of cultural activities, 7.9 percent for social welfare and 71.1 percent for activities to advance unification and promote diplomatic activities, the EPB says.

Another point of concern is the defense outlays. Defense spendings were set at 8,753 billion won, or a 12.7 percent increase over last year.

The figure represents 3.86 percent of the GNP, compared with 3.93 percent this year, 4.09 percent last year and 4.37 percent in 1989.

Rumor had it that the Budget Office and the Ministry of National Defense were in a head-on confrontation on the budget issue as in the past.

The ministry reportedly said there is no evidence of a reduced threat of invasion from the North, while the Budget Office, backed by the deputy prime minister, said an additional 986 billion won would be enough for national security.

In 1979, the ministry said, Korea and the United States agreed upon a principle that the defense outlay should be at least six percent of the GNP unless there is an evidence that the North Koreans have given up plans to unify the fatherland under their own formula.

Statistics Show Domestic Business Slowdown

SK0410025191 Seoul THE KOREA TIMES in English 4 Oct 91 p 8

[Text] Domestic business activities are cooling down due to stagnating exports and decreasing investment in construction.

According to the National Statistical Office affiliated with the Economic Planning Board [EPB], industrial production in August increased 6.8 percent over the same month of last year but was down 0.2 percent from July.

Industrial production in July was up 8.5 percent from the year before.

Meanwhile, the release of industrial products into the market place for August increased 8.5 percent over a year ago, down from the 9.3 percent registered in July.

In particular, that for exports only rose 1.2 percent compared with the corresponding month of last year.

The overall business performance index grew 0.2 percent from the year before, indicating that domestic business activities will continue to fall in the days to come.

The size of sites where the government permitted construction in August decreased as much as 35.1 percent over a year ago, while domestic construction orders declined 13.5 percent.

Overheated construction activities at home had led domestic business performances.

Retail and wholesale turnout in August rose 8.7 percent, down from the 9.2 percent recorded in July.

The release of consumer products on the domestic market increased only 9 percent in August from the year before compared with the 20.5 percent rise in July.

However, facility investment is continuing to perk up despite the cooling down of domestic business activities.

Specifically, local machinery orders in August climbed 13.3 percent from the year before with a 22.3 percent increase in permits of machinery imports and a 7.1 percent rise in the release of machinery on the domestic market.

The operating ratio of manufacturing companies averaged 79.6 percent in August, up 0.2 percentage points from July.

The jobless rate stayed at the 2 percent level, while total employment rose 521,000 over a year ago.

Of the increase, construction took 229,000, retail and wholesale 167,000 and other service sectors 297,000. But the employment in the manufacturing industry rose only 12,000.

On the other hand, employment in agriculture and fishing, and mining decreased 175,000 and 10,000, respectively.

The office predicted that domestic business activities would continue to taper off in the days ahead.

Firms Seek Contracts in Socialist Countries

SK0310032391 Seoul THE KOREA TIMES in English 3 Oct 91 p 3

[Text] A total of 12 Korean construction companies are looking to the Soviet Union and other communist countries for new contracts, according to a report submitted to the National Assembly by the Construction Ministry yesterday.

Talks are underway on 56 projects in the countries, but only one project has been received by Korean construction companies to date, said the report submitted for the parliamentary inspection of state affairs.

Among the 12 companies are Hyundai, Samsung, Sunkyong, Samwhan and Kukdong.

The report said they are trying to receive contracts in the Soviet Union, China, Vietnam and Laos with which Korea has either established diplomatic ties or sought to improve bilateral relations over the past few years.

Projects now under negotiation break down to 43 in the Soviet Union, five in China, six in Vietnam and two in Laos, it said.

But the sole contract signed was a $17 million repair job on a hotel in Moscow received by Samsung Construction Co., the report said.

The number of Korean companies seeking construction contracts was listed at 10 in the Soviet Union, four in China, two in Vietnam and Laos respectively.

In China, Daewoo is in contact with Chinese interests that want to build a hotel in Shanghai and Lucky Development is talking to others about constructing a color TV manufacturing plant in the Zhuhai special economic zone.

* Chaebol Structure May Change

912C0275A Seoul CHUGAN MAEKYONG in Korean 24 Jul 91 pp 29-40

[Article by reporter Yi Ki-tong: "Is the Golden Age of the 'Dinosaur' Chaebol Coming to an End?"]

[Text]**The Changing Perspectives**

Wary of a Monopoly of Economic Strength, Power

The dinosaurs of the Mesozoic era had to die out when they failed to adjust to the changing environments. How much do our chaebol [big financial combines] know the meaning of that extinction? Is it not that they are still overconfident of themselves even today, still believing in their size and strength?

They stand together firmly in the same mind that, as far as Korean business circles are concerned, the dinosaur era is at its height like a prairie fire blazing and far from going out, do they not?

We hear various arguments on chaebol these days. They remain divided, especially on the point that the Korean chaebol structure is a rare one with virtually no parallel in the world.

Ownership, Management Separated in Japan's Zaibatsu

Japanese zaibatsu [chaebol], like our conglomerates, are of the heavyweight. But the difference is that in the case of zaibatsu, ownership and management are completely separated. In our case, however, the leader of the group and his family—the so-called royal family—own and control management unilaterally.

Even the sharp-witted elite within the group have to kneel down before the chaebol leader and try to read his face. They must constantly shield and protect the group chairman and even all his in-laws effectively; otherwise, they are not allowed to take it easy.

This is an embarrassing, deplorable situation, which is impossible with Japan's professional managers. In Japan, zaibatsu management is in fact left entirely to a multitude of professional managers.

In Japan's case, large numbers of qualified professional managers play the leading role in zaibatsu management. Consequently, zaibatsu would appear as if they had no owners. It could be even more practical to say that the entire enterprises or the whole groups of employees own them.

It is for this reason that Japanese scholars would proudly call their country a "corporate capitalist state." Some of them would even deride Korea as a nepotist capitalist state or as a republic of chaebol. Textbooks on Korean business administration prepared by them provide all their explanations about chaebol on the basis of a series of identical equations: "Samsung = Yi Kon-hui," "Hyundai = Chong Chu-yong," "Daewoo = Kim U-chung," and "Lucky-Goldstar = Ku Cha-kyong."

They charge that in Korea, chaebol groups—a modern version of aristocratic circles—exercise major influence in the nation's administration. They mercilessly cut down on our honor and pride by saying that some Korean chaebol would go all the way to control the press, compared to a king without a crown, thereby influencing the public opinion and even the people's lifestyle.

What Japanese scholars are saying can be summed up in one sentence: Japan owes its success to the dissolution of zaibatsu ordered by the MacArthur headquarters right after Japan's defeat in World War II; on the other hand, Korea reaped both its fruits and woes by fostering chaebol. Consequently, they tend to view the Korean chaebol as a 50 percent success or even a failure.

Scholars' Perspective

In the final analysis, the recently rekindled arguments over chaebol took on an aspect making people feel as if the Japanese specialists', namely our neighbors', perspective had been moved and transplanted here.

At a seminar sponsored by the Korean chapter of the International Business Administration Society on 27 June, Prof. Cho Tong-song of Seoul National University issued a strong warning about chaebol management, drawing a hard line to the denotative growth and development of chaebol.

Chaebol had to fall in every country with no exception where the economy has attained maturity through the high growth phase, Professor Cho stresses.

Listen to his lecture on chaebol a little more. In a terse description of the birth and death panorama (?) of chaebol, he says: When a business makes an intensive investment in a project, it is guaranteed a chance of success to a certain degree. However, if it keeps investing at the same pace, the risks come in.

According to Professor Cho's logic, it is at this stage that the law of marginal utility gets to work, with increasingly marked reductions in returns. The sinking marginal utility would prompt businesses to turn their eyes to other fields, Cho notes.

In other words, they have no alternative but go zealous for diversification and territorial expansion to make up for the diminishing marginal utility at least.

It is through this process that chaebol expand and become monsters. However, when the economy reaches the high maturity phase, large numbers of enterprises take to a kill-or-get-killed competition in every industry. In this case, Cho maintains, chaebol that have diversified investments cannot but fall behind specialized, technology-armed enterprises, because of their dispersed combat power. What Cho means is that chaebol inevitably reach the point where they have to face their limitations and come under pressures in international competitiveness.

At this point, according to Cho's opinion, chaebol under the pressure from the more competitive specialized enterprises are compelled to choose between collapse or their own transformation and specialization.

Cho's diagnosis is that the Korean economy reached its high maturity at the beginning of the 1990's. Therefore, he declares, chaebol, overdiversified and having no special technologies of their own, will inevitably fall unable to lead the Korean economy, much less support their overgrown bodies. We even hear a fatalist theory about chaebol that such being the state they are in, all there is left for them to do is to yield their leadership role to specialized enterprises and bury themselves.

Transformation the Only Way Left

Cho advises, emphatically, that if chaebol are to survive in the business world, they are required to invest intensively in industries which they select and of which they are most confident and transform themselves into born-again enterprises, into globally super-topnotch specialized enterprises like Sony and Toyota.

Cho is not the only one offering stinging advice for chaebol in this country which are deeply conservative.

Scholars who spoke at an open forum sponsored by the Citizens Alliance for the Practice of Economic Justice (Kyongsillyon) in May were unanimous in attacking chaebol, filling the hall with an anti-chaebol atmosphere.

Needless to say, to counter them at the forum, chaebol representatives—including Chon Tae-chu, managing director of Chonkyongnyon [Federation of Korean Industries]; Yi Han-ku, director of the Daewoo Economics Institute; and Yi Sung-chol, researcher of KDI [Korea Development Institute]—also spoke on behalf of chaebol, defending their position. However, the indelible impression was that they fell short of convincing the audience. From the Kyongsillyon side, three professors—Chang Chi-sang (Kyongbuk University), Choe Chong-pyo (Konkuk University), and Kang Chol-kyu (Seoul City University)—took their turns, focusing on the problem of chaebol monopolizing economic power.

Prof. Chang Chi-sang spoke first, focusing on the ownership and management control by the chaebol owner. Of the stocks of 30 major chaebol groups, an average of 16.1 percent are owned privately by the group leader, he said. According to his analysis, the shares owned by the group leader and persons with special relations to him including in-laws are as much as 49.5 percent.

He charged that in addition to this degree of concentration, the tight setup of "group control organization"—comprising the company presidents conference, the basic investigation office and the office of secretary—enables the leader to remote-control his chaebol as he pleases. The recently reported cases of authority and responsibility transferred to the presidents of affiliated companies were actually in name only. Even in those cases, he noted, the company presidents are not totally free to exercise their authority over personnel management or long-range management planning.

Prof. Choe Chong-pyo expressed his concern over the phenomenon of the entire economy being monopolized by chaebol. Citing the fact that the proposed mandatory use of real names in financial transactions and the land-as-public-property concept—both of which once appeared to be the center pieces of the Sixth Republic's economic reform program—eventually fizzled out, he strongly criticized the grave consequences of collusion between politics and economics.

No Restructuring of Chaebol, No Balanced Development

Prof. Kang Chol-kyu, referring to measures to counter the increasing chaebol power, argued that it is necessary to reduce the chaebol's role in the national economy and decentralize their ownership and decisionmaking functions. The present chaebol structure should be basically dismantled and restructured. Otherwise, a balanced development of the national economy would be impossible, he noted.

These three dedicated researchers on chaebol management had earlier made a stir with a book titled *Chaebol—Leader of Growth or Manifestation of Greed?* which they published at the beginning of this year. Also in that book, they delved into facts about Korean chaebol, criticizing them unhesitatingly.

They see chaebol more as omnivorous monsters devouring whatever they think would be profitable than a driving force of growth.

Suggestions to curb the concentration of economic power on chaebol listed by the three professors in the last pages of their book are worth considering.

Their suggestions include: separation of ownership and management; prevention of chaebol's hereditary inheritance; control of excessive credits and excessive monopoly of financial facilities; renewed efforts for the mandatory use of real names in financial transactions; implementation of the government order to companies to sell real estate set aside for speculative purposes; prevention of collusion between politics and economics through control of political funds; separate legislation to control concentration of economic power; and fostering of medium and small businesses to promote competition.

The Government's Perspective

Even Dismantling Discussed

The government's perspective of chaebol evidently has changed a great deal. It is felt increasingly stronger that remarks by government officials are gradually taking on a radical tone as if to signal that they would no longer just sit back and watch chaebol amass power. The Sixth Republic, nearing the end of its era, is apparently attempting to plunge a scalpel into the chaebol structure. In this atmosphere, officials even touched on the possibility of dismantling of chaebol.

Then, has the government really made up its mind to conduct a certain type of surgery on chaebol? According to word leaked by KDI and other official institutes, work on chaebol reform is in progress as final card in the Sixth Republic economic policy. However, the secrecy surrounding the official study makes it difficult to figure out the possible scope of the planned reform.

It is true that at least since last year the government moves in this respect have been rather unusual. From all the signs, it clearly has launched an all-out effort to put in place a new chaebol control system.

Glimmering is its policy will for not being content with taming chaebol alone but taking a step further and basically changing their structure.

The signal came when it issued the 8 May order for chaebol groups to sell real estate set aside for nonoperational, speculative purposes. The order smacked of ominous smell for chaebol from the beginning. The president issued the order—and he appeared determined. The atmosphere was that severe.

Business circles came forward opposing the order but belatedly and in vain. The contest between chaebol and the government ended one-sidedly in favor of the latter. While fighting the power game with chaebol, the government, in the final phase of it, even produced a radical prescription, the suspension of credits, seemingly demonstrating its determined posture.

The government, thus grabbing the initiative, launched an all-out drive early this year to implement the new credit control guideline and program aimed at specializing industrial sectors.

The Overseas Perspective

Even THE WALL STREET JOURNAL commented on our government's effort for specialized industrial sectors, saying that Seoul appears determined to use the momentum that has been created and reorganize the overdiversified management style to increase its competitive strength in world markets.

Continuing, the U.S. newspaper pointed out that although Korean enterprises are making and selling an array of miscellaneous goods, they are virtually unable to produce anything that can really be labeled as the world's top-class commodities.

THE WALL STREET JOURNAL predicted that the Korean Government's epoch-making concept of restructuring chaebol into specialized industries can reap tremendous results if put into action properly. Within a decade, Korean makers will be as competitive as their rivals in the United States, Japan and Europe, it said, adding that they will have management systems capable of promptly responding to change in any business situation.

At any rate, the government-initiated restructuring of chaebol into specialized industries and system of designating mainline enterprises undoubtedly represent a revolutionary concept. While pushing for the implementation of these programs, the government has indeed been confronted with the need for supplementary measures; for fairness' sake, however, this development should be blamed more on business communities than on the government.

It should be because chaebol conglomerates, as the party involved, continued to persist in expanding their business lines as an octopus spreads its arms, consequently failing to adjust their pace. Also, when they were told to select and designate their mainline businesses, they flocked to fields like petrochemicals and construction, another fact showing chaebol's management failure. Their practice of getting in whatever businesses they can lay their hands on, with no long-range plans whatsoever, has led to this happening.

A Turning Point in the Government Policy

The government unveiled its seriousness (?) by pushing ahead with the restructuring program and showing how it will deal with chaebol in the future.

The nature of the government's chaebol policy is becoming increasingly conspicuous as time passes. One can see it to some extent in remarks by Choe Kak-kyu, deputy prime minister and concurrently minister of the Economic Planning Board [EPB].

Since taking office in February, Choe seemingly has spent more time commenting—officially or unofficially—on facts and problems about chaebol management than any cabinet ministers did before him. He may have made up his mind, some said, to become the "chaebol killer" himself. While serving successively as minister of trade and industry in the Third Republic days, when the export drive and policy of fostering the heavy chemical industry were the nation's top priority, he was instrumental in the rapid growth of chaebol. The reason why he has turned his back to chaebol now is not exactly known.

Of all the remarks by Deputy Prime Minister Choe concerning chaebol to date, most noteworthy is the speech he made as a guest speaker at a 21 June study meeting on management sponsored by the Korea Development Bank. At the lecture-over-breakfast meeting, he touched on the economic power being monopolized by chaebol, making it clear that he will endeavor to create systems for the dispersal of ownership and for individual specialized enterprises to take root.

To that end, Deputy Prime Minister Choe and his economic team are now planning to mobilize policy instruments to replace chaebol's present management system—under which the group's office of planning and coordination or the group chairman's secretary's office controls management of affiliated companies—with a new system of separate management for individual enterprises.

The "policy instruments" appear to be diverse. The team is thus determined to mobilize all the ways and means available to dismantle and restructure chaebol management. The undertaking is noteworthy.

Of them all, the policy instrument most likely to be mobilized first is a measure to reduce the major stockholders' equity. First of all, the current equity of the group leader and his family should be released and dispersed if chaebol management is to be separated from ownership.

It is known that as soon as the stock market, currently in the depth of dullness, shifts to a recovery, the government will set in motion its program to reduce the major stockholders' equity through the public offering of stocks, capital increases and other means. This will undoubtedly take chaebol owners to an enormous ordeal.

Then, how much do chaebol owners have as their equity? The answer is 32.9 percent on an average, according to a report prepared by the Office of Bank Supervision and Examination on the equity of the major stockholders—including all the special parties, namely the group owners, their family members and in-laws—of 30 big groups in the country as of the end of 1990. It is a figure confined to the 30 listed groups.

Korean Chaebol a Failure

Ownership Deepens Concentration As Time Goes By

The previous survey, as of the end of 1989, showed the average at 27.6 percent. This means that the major stockholders' equity increased as much as 5.3 percent in one year, indicating the extent of concentration of ownership on the so-called chaebol royal families.

This development, as said by the government, runs counter to the opening up of the economy, democratization of management, and to the effort for international competitiveness.

Halla Group's 65 Percent Tops the List

Of the 30 chaebol groups, the Halla Group tops the list with 64.9 percent of the shares in the hands of the owner and other special parties. It is followed by Tongkook Steel (46.1 percent), Doosan (44.5 percent), Hanil (44.5 percent), Hanjin (44.1 percent), Hyundai (42.3 percent), Ssangyong (42.0 percent), Poongsan Metal (41.0 percent), Lotte (37.0 percent), Kia (35.3 percent), Hanbo (34.9 percent), Dongbu (33.4 percent), Koryo Synthetic Fiber (32.6 percent), and Korea Explosives (31.9 percent).

The list also shows Samsung at 26.5 percent; Lucky Goldstar 25.9 percent, Daewoo 19.8 percent, and Sunkyong 20.5 percent.

Especially, in cases of the affiliated companies selected by the 30 major chaebol groups as their main enterprises, the control of management by the large stockholders is even more conspicuous. Of the total shares of 88 such companies, the equity of the large stockholders as of the end of 1990 averaged 51.0 percent, which was as much as 11 percent higher than the registered companies' average of 32.9 percent.

Especially, of those main companies, 12 have their shares totally owned by the large stockholders. They are: Hyundai Electronics and Hyundai Petrochemicals of the Hyundai Group; Goldstar Electron of the Lucky Goldstar Group; Daelim Motor and Daelim Ceramic of the Daelim Group; Seil Oil of the Far East Refinery Group; Lotte Shopping of the Lotte Group; Koryo General Chemicals of the Koryo Synthetic Fiber Group; Halla Heavy Industry of the Halla Group; Jinro Construction of the Jinro Group; and Hankook Potash Chemical and Oksi of the Orient Chemical Industry Group. They are virtually the owners' private businesses.

In the category of average equity per large shareholder, the Daelim Group is highest with 81.0 percent, followed by Oriental Chemical Industry (77.2 percent), Hyundai (76.4 percent), Samsung (70.9 percent), which are all over 70 percent. Groups belonging to the 50-70 percent bracket are: Kia (64.4 percent), Tongkook Steel (63.2 percent), Far East Refinery (55.6 percent), Far East Construction (59.7 percent), Lotte (64.3 percent), Sammi (50.5 percent), Woosung Construction (68.2 percent), Koryo Synthetic Fiber (55.1 percent), Halla (69.9 percent), Choyang Shipping (52.9 percent), and Jinro (50.3 percent).

A glance at these statistics alone will give one an idea about the relationship between the three "main" enterprises of each group marked by the chaebol leader and the equity of the leader himself.

The so-called chaebol royal families led by the owners thus control the group management as major stockholders of the affiliated companies, regardless of whether the companies are listed or not. Or they would use the method of first securing their maximum equity in the main enterprises, then spreading the spider webs to cover the rest of enterprises for control.

The Three Ownership Types

As for the shares held by the chaebol owners in this country, there are three types of ownership, roughly speaking—the leader ownership type, the single core enterprise type, and the plural core enterprises type.

In the leader ownership type, the chaebol leader, while acting as the leading stockholder of a number of affiliated companies, increases his equity in the rest of affiliated firms. The Hanjin Group is a typical example. Such groups as Hyundai, Sunkyong, Lotte and Dong-A Construction also belong to this category. In the single core enterprise type, the chaebol owner controls all the affiliated companies through the core enterprise. One can see this type in the Ssangyong and Korea Explosives groups.

In the plural core enterprises type, the owner controls affiliated companies through plural core enterprises. Samsung and Daewoo are the typical examples.

In actuality, however, the chaebol's stock ownership relations are far more complex, for affiliated companies are also bound by chains between them and shares are exchanged on a give-and-take basis in what is called mutual investments or mutual stock equity. If the government is to succeed in the planned specialization of individual companies by splitting up chaebol management, it will undoubtedly have to put a great deal of time and effort into research on chaebol.

Whether the government will in the end have the desired result or an unfinished work depends on how it severs the chaebol's stock ownership relations which are as complex as the ecosystem's food chains.

The mutual investment system, habitually used by chaebol groups, is a strange thing indeed. The mutual holding of stocks under this system creates the so-called fictious capital; capital increases without the companies involved actually putting in additional capital. The give-and- take of capital makes it possible to own many companies with a relatively small amount of money.

Suppose there are two companies, A and B, each with a capital of 100, and they each invest 50 in the other. The capital of both A and B will nominally increase to 150 each; thus, without money actually changing the hands, an additional capital of 100 is neatly created.

Mutual Investments Gaining in Weight

Since 1987 the government has been strictly controlling the mutual investments among chaebol's affiliated companies. As part of the measure, chaebol groups with net assets of 400 billion won or more are not allowed to go over the legal limit with such investments set at 40 percent of the net assets.

As of 1 April, however, as many as 45 of 61 chaebol groups failed to comply with this limit, it was disclosed. Their total excess investments reached as much as 666.7 billion won. Especially, in the cases of the top 29 groups cited by the government in its first regulatory action in 1987, the total excess investments doubled from 3,257.3 billion in 1987 to 6,746.8 billion won this year, indicating that chaebol are as active as ever in expanding their business lines like an octopus spreading its arms.

March 1992 Deadline for Correction

Topping the list of chaebol with such excess investments over the legal limit is Dongwon Industries, with 155.4 billion won. It is followed by Hyundai (98.8 billion won), Jinro (82.5 billion won), Daewoo (66.0 billion won), and Koryo Trading (32.5 billion won) in that order.

In the category of the total excess investments as compared with the net assets, Jinro tops the list with 1,471 percent, followed by Dongwon Industries' 173 percent.

Those 45 chaebol groups are required to dispose of their respective excess investments by the end of March next year. Otherwise, they shall be assessed a surcharge equivalent to 10 percent of the excess amount or forced to sell shares or otherwise punished.

Therefore, if the chaebol concerned are to avoid penalties such as the dispersal of stocks through the opening-up or by sale, they have to bring down their excess investments below the legal limit of 40 percent by increasing their own capital or taking back the excess investments before the deadline. The chaebol owners' agony in this respect comes from the stock market situation. If the market slump continues, it would be difficult for them to reduce their relative equity through increased capital. After all, if the deadline draws near before the market improves, they will have no alternative but take back the investments.

Then, the beginning or the first half of next year will likely see affiliated companies busy changing their respective equity drastically through withdrawal of shares from mutual investments. Consequently, the government policy of reducing the chaebol owners' equity has a good chance of success.

Meanwhile, it is known that the EPB is taking a step further and preparing stronger regulatory measures to lower the investment limit even below the 40 percent line of the net assets. In this connection, the chairman of the Fair Trade Commission [FTC], Choe Su-pyong, once hinted at lowering the limit of investments in affiliated or nonaffiliated companies down to a 20-30 percent level, creating a stir among reporters.

His remark prompted an immediate reaction—Chongwadae and other high authorities, including Deputy Prime Minister Choe Kak-kyu, issued a gag order. The instructions from the high government levels were reportedly to the effect that in view of the heavy and important political agenda including the general and presidential elections, radical economic reform plans need reconsideration.

This suggests that government leaders and working-level officials are divided over measures to dissolve the concentration of economic power on chaebol. In a way, the episode seems to call in question the will of government authorities for ending the concentration.

After all, the government policy subsequently announced by FTC Chairman Choe was a significant setback from the earlier disclosures. As for the direction of reducing the capital of affiliated companies under chaebol, the announcement said, the government will maintain a watch on how those companies get rid of the excess investments until March next year, then study bringing such investment further down through readjustments within the next two-three years. The government thus settled the matter for now.

Where Korean Chaebol Stand Now

61 Groups, 915 Affiliated Companies

Then, what is the actual status of economic power being concentrated on chaebol in this country? Let me cite a few typical examples. First, according to a recent report prepared by the FTC on the present status of "large-scale business groups and affiliated companies," the number of chaebol groups involved in the regulatory measure for their excess mutual investments increased from 53 last year to 61 this year.

At the same time, the number of affiliated companies either owning 30 percent or more of the shares issued by these chaebol groups or exercising influence in the appointment of officers and in other areas of their management increased from 798 last year to 915 this year—a gain by as many as 117.

Lucky Goldstar, Hanjin and Kumho were the groups that increased their affiliated companies most in number last year—respectively by four. They were followed by Hyundai and Samsung, each by three, and Sunkyong, Kolon, Halla, Tong-Yang Cement, and Oriental Chemical Industry, each by two.

30 Groups' Sales 95 Percent of GNP

In the number of affiliated companies owned by chaebol groups, Lucky Goldstar tops the list with 62, followed by Samsung (48), Hyundai (42), Lotte (32), Korea Explosives (27), Sunkyong (26), and Daewoo (24). Meanwhile, Doosan and Pacific Chemical have 23 affiliated companies each; Ssangyong, Hanjin, Kumho and Daesung Industries 22 each; Kolon, Byucksan, and Kabul 21 each; and Miwon and Jinro 21 each.

The sales of 30 major chaebol groups in 1988 totaled 107.2 trillion won, accounting for 94.7 percent of the GNP of that year which was 113.1 trillion won. So overwhelming is the weight of chaebol groups in the national economy. The total of foreign bills of the top five chaebol groups—Samsung, Hyundai, Daewoo, Lucky Goldstar, and Sunkyong—amounted to 69.2 trillion won or 61.7 percent of the GNP; the top 10 groups 76.3 percent, and the top 20 groups 89.2 percent.

If a company's market share exceeds 50 percent or the combined market share of three companies or less goes over 70 percent in any business in which the total value of supply is 30 billion won or more, the EPB annually lists it as a market-controlling (monopoly or oligopoly) company. Of the 293 such listed companies for fiscal 1990 in the 127 businesses designated in 1989, 197 companies or 67.2 percent belonged to 53 major chaebol groups. This means that two-thirds of the government-listed monopoly or oligopoly enterprises are affiliated companies of 53 major chaebol groups.

Chaebol monopolize not only the commodity market but also the financial market.

The bank loans to 30 major chaebol groups as of the end of last year amounted to 21 trillion 353.4 billion won, representing 29.2 percent of the total bank loans (73.2 trillion won). Of those loans, 14.6 percent went to the five top groups.

30 Groups Also Control Major City Banks

A breakdown by groups shows Samsung as using bank money most, with 2 trillion 631.6 billion won (3.6 percent of the total bank loans). It was followed by Hanjin, 2 trillion 513.7 billion won (3.4 percent); Daewoo, 1 trillion 978.7 billion won (2.7 percent); and Hyundai and Lucky Goldstar, 1 trillion 863.8 billion won each (2.3 percent).

Chaebol exercise influence over bank management.

The latest data presented to the National Assembly by the Office of Bank Supervision and Examination show the Samsung Group as the largest stockholder for three of the five major city banks—Cho Hung Bank (Samsung Life 6.80 percent), the Commercial Bank of Korea (Samsung Life 7.15 percent, Ankuk Fire & Marine 1.87 percent), and Hanil Bank (Samsung Life 4.97 percent). As regards local banks, The Daegu Bank is under Samsung influence, with Samsung Life being the largest shareholder with 5.48 percent. Besides, Samsung is a major shareholder participating in the management of Korea First Bank (Samsung Life 5.34 percent), Bank of Seoul (Samsung Life 3.35 percent), KorAm Bank (Samsung Life 5.13 percent), and Shinhan Bank (Samsung Life 1.04 percent).

Samsung Largest Shareholder of Three City Banks

The Shindong-A Group is the largest shareholder of Korea First Bank (Daehan Life 5.6 percent), Bank of Seoul (Daehan Life 5.3 percent), and Kyungki Bank (Group Chairman Choe Sun-yong 9.59 percent). It is also a major shareholder of Cho Hung Bank (5.97 percent) and the Commercial Bank of Korea (1.27 percent). The Hyundai Group also wields its influence over banks as a major shareholder of Korea First Bank (Inchon Iron & Steel 1.75 percent), Hanil Bank (Asan Foundation 1.37 percent), Bank of Seoul (Asan Foundation 2.09 percent), Shinhan Bank (Hyundai Securities 3.17 percent), and as a controlling shareholder of the Kangwon Bank (Hyundai Heavy Industries 24.12 percent).

It is also known that Lucky Goldstar is a major shareholder of Korea First Bank (The Lucky Fire 1.60 percent, The Lucky Securities 1.63 percent), Hanil Bank (The Lucky Fire 1.49 percent, The Lucky Securities 1.04 percent), and Shinhan Bank (The Lucky Securities 2.50 percent). Meanwhile, Daewoo is known to be the largest shareholder of Shinhan Bank (Daewoo Securities 3.52 percent) and at the same time a major shareholder of KorAm Bank (Daewoo 5.63 percent). Lotte is known to be the largest shareholder of The Bank of Pusan (Samnam Scholarship Association 7.72 percent, Lotte Confectionery 5.45 percent, Group Chairman Sin Kyokho 6.10 percent, Lotte Shopping 4.30 percent). Other known largest stockholders are Korea Explosives, of Chungchong Bank (Group Chairman Kim Sung-yon 9.39 percent); Kumho, of the Kwangju Bank (Kumho 4.46 percent, Kumho Cultural Foundation 2.78 percent, Kwangju Investment & Finance 2.61 percent); and the Samyang Group, of The Jeonbuk Bank (Samyang Co. 8.74 percent, Sudang Scholarship Association 2.21 percent). As such, those groups are directly or indirectly involved in the management of their respective banks.

A Rush to Media Business, Advertisements for PR

Chaebol are also in a race in the publishing business. The Samsung Group owns two newspapers, CHUNGANG ILBO and CHUNGANG KYONGJE SINMUN, plus 11 magazines including WOLGAN CHUNGANG, while Hyundai controls 34 percent of HANGUK KYONGJE SINMUN. The Hyundai Group also plans to start publishing HYUNDAI MUNHWA SINMUN next year.

Daewoo is known to be taking over MINJU ILBO, which is currently in serious financial straits. HANGDO ILBO and KUKJE SINMUN of the Pusan area, also in financial difficulties, were respectively taken over by Daewoo and Lotte, while the Tongil Group of the Tongil Cult Foundation began publishing SEGYE ILBO in 1989. Korea Explosives took over KYONGHYANG SINMUN. It also publishes four magazines. Meanwhile, Dainong owns NAEOE KYONGJE SINMUN and THE KOREA HERALD. Kabul and Ilshin respectively own YONGNAM ILBO and CHUNGCHONG ILBO.

The public opinion control by chaebol through advertisements is becoming increasingly organized and more powerful as the affiliating of advertising agencies progresses. Chaebol wield their influence over media, using as a weapon the enormous amounts of advertisement orders they place through their affiliated advertising agencies. The top eight agencies in the advertising performance last year were all affiliated with chaebol groups. They were Korea First Advertising Co. (Samsung), LG Ad. (Lucky Goldstar), Dae-Hong Advertising (Lotte), Oricom (Doosan), Korad International Co. (Haitai), Samhui Advertising (Korea Explosives), Diamond Ad. (Hyundai), and Dong-Bang Advertising (Pacific Chemical) in that order.

Chaebol appear to be extremely unhappy with the way the government has lately been driving them into a corner. The prevailing view among them is that the government, defeated in its war on crime last year, is out to divert public attention from that defeat and into a war on chaebol. They suspect that the government may be trying to shift the blame for the political unrest to the business world.

Among those with interests in business circles, quite a few people argue heatedly that the Sixth Republic government is making big businesses the scapegoat for saving itself from a lame duck phenomenon prior to the upcoming transfer of power. With regard to the government moves, business circles, while pretending to take them as no big thing, in their hearts apparently perceive them as an emergency.

They gnash their teeth with rage, wondering how far the government will go and how seriously. At the same time, they are moving vigorously to see through the government's will as soon as possible and thereby take positive steps toward specialization of their business lines through mergers and abolitions. How will "the 'dinosaur' era of the business world"—heretofore led by chaebol—indeed change in the future?

Kim Tae-chung Returns From UN, Europe Visits

SK0310125691 Seoul YONHAP in English 0958 GMT 3 Oct 91

[Text] Seoul, Oct. 3 (OANA-YONHAP)—Opposition leader Kim Tae-chung returned to Thursday afternoon after visits to the United Nations, the Soviet Union, Poland and Germany.

"I have learned from this trip that we must not make haste in national unification but seek it prudently," said Kim on arrival at the airport.

Kim, executive chairman of the Democratic Party, said it would be "safe and effective" for South Korea to provide economic aid package to the Soviet Union in step with other advanced countries.

"Koreans in the Soviet Union are faced with serious difficulties as a minority," Kim said, "we hope to negotiate with the Seoul government to open establishments overseas to help the more than 7 million Koreans living abroad."

Burma

Opposition Leader Aung San Suu Kyi 'In Danger'

BK0410100291 Hong Kong AFP in English 0941 GMT 4 Oct 91

[Text] BANGKOK, Oct 4 (AFP)—Opposition leader Aung San Suu Kyi is in danger of being physically harmed by Burma's military rulers, who have kept her in house arrest for two years, a senior member of Burma's parallel government warned Friday.

According to Agricultural Minister Myint Maung, the military has recently stepped up their public campaign against the 46-year-old Aung San Suu Kyi and he said he now feared for her life.

"They are running a smear campaign in the newspapers. We fear they might physically harm her, a fear also shared by her relatives," said Myint Maung here during a press conference.

His comments came less than 24 hours after Sein Win, premier of the National Coalition Government of the Union of Burma (NCGUB) which set up its headquarters on the Thai-Burmese border, appealed in New York for western govermments to secure information about Aung San Suu Kyi.

"We are really worried about her safety," he said.

The junta arrested Aung San Suu Kyi, whose National League for Democracy (NLD) party swept the 1990 elections, in July 1989 and promptly put her under house arrest.

No one is allowed to talk with her and all incoming mail is reportedly witheld.

Western diplomats in Rangoon report that all communication with her has been cut off and several envoys have accused the junta of waging a psychological war against her, trying to break her spirit.

There have been repeated pleas by Western countries to the junta, who refuse to hand over power to the NLD, to release Aung San Suu Kyi but all have been ignored.

In a series of secret meetings between her and Burma's military rulers attempts were made to get her to give up politics in return for permission to leave the country.

But according to sources in Rangoon, Aung San Suu Kyi said she would not leave the country unless power was transferred to the NLD and all political prisoners were released.

In Olso, Aung San Suu Kyi is being strongly tipped as one of the favourites for the Nobel Peace Prize to be announced later this month. Earlier this year the European Community awarded her the Sakharov prize for her struggle for democracy.

Brunei, Malaysia, & Singapore

Singapore

Deputy Premier, Officials Receive SRV Minister

BK0310120091 Singapore Singapore Broadcasting Corporation in English 1100 GMT 3 Oct 91

[Text] The Vietnamese minister of trade and tourism, Mr. Le Van Kiet, is in Singapore on an official visit. He called on Deputy Prime Minister and Minister for Trade and Industry Brigadier General Lee Hsien Loong. Mr. Le Van Kiet and his delegation also met with officials from the Tourism Development Board. He leaves tomorrow.

Joint Center for Artificial Intelligence Opened

OW0410085191 Tokyo KYODO in English 0741 GMT 4 Oct 91

[Text] Singapore, Oct. 4 KYODO—A multimillion dollar center for artificial intelligence developed by Japan and Singapore opened in Singapore on Friday.

The Japan-Singapore artificial intelligence center will train Singapore engineers and speed the development of artificial intelligence in the republic using technology from Japan.

The project is expected to cost 25 million Singapore dollars (14.8 million U.S. dollars) in its first five years.

Besides donating 4.7 million Singapore dollars (2.8 million U.S. dollars) worth of computer hardware and software equipment to the center, Japan is sending experts to the center and paying to train Singapore specialists in Japan.

The Singapore Government is paying the center's operating costs, providing the facilities, local instructors, and administrative support.

Tatsuo Hoshi, resident representative of the Japan International Cooperation Agency (JICA) which is implementing the project for the Japanese Government, said six Japanese experts are working at the center.

Last year, JICA sent five Singapore specialists from the center to Japan for training, he said. Four more will go this year.

The center will train about 500 company managers, business people, and information technology professionals over the next four years.

This is the second cooperative effort in information technology between the two countries, which set up the Japan-Singapore institute of software technology about 10 years ago.

"The globalization of business has been pressing each and every country in the region to expand the pool of information technology manpower," Japanese Ambassador Takehiro Togo said at the opening ceremony Friday.

Professionals in the field "are badly needed to maintain and enhance productivity and competitiveness of the economy," he said.

Prime Minister Goh Chok Tong announced last week an ambitious plan to develop information technology for greater economic competitiveness.

At the ceremony, Finance Minister Richard Hu said the cooperation with Japan extended beyond technology transfers.

"The opportunity to work closely with the Japanese will also allow our staff to understand Japanese management styles and culture better and vice versa," he said.

Cambodia

Sihanouk Greets PRC's Yang Shangkun, Li Peng

BK0410045791 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 3 Oct 91

["Text" of message of national day greetings from Samdech Norodom Sihanouk, chairman of the Supreme National Council of Cambodia, to PRC President Yang Shangkun and Premier Li Peng—dated 30 September; read by announcer]

[Text] To Your Respected Excellencies Yang Shangkun, president of the PRC, and Li Peng, premier of the PRC State Council, Beijing:

Your Respected Excellencies, on the solemn occasion of the 42d anniversary of the glorious PRC, on behalf of the Cambodian people and the SNC, and in my own name, I am extremely happy to express to you, and through you to the Chinese Government and the friendly great Chinese people, the warmest greetings. I would also like to wish you and other Chinese leaders the best of health and longevity and the PRC more brilliant successes in implementing the 10-year program of socioeconomic development and the Eighth Five-Year Plan in accordance with the reform and open-door policy.

On this auspicious occasion, the Cambodian people and the SNC would like to express their great appreciation for the PRC's assiduous efforts to promote a just and reasonable political and comprehensive solution to the Cambodian problem in conformity with the framework document, dated 28 August 1990, of the UN Security Council's five permanent members. In particular, we admire the Chinese Government for having provided all kinds of support and favorable conditions for making the working meeting of the SNC in Beijing on 17 July 1991 a success.

At the present time, the draft peace agreement on Cambodia has already been prepared and we are ready to sign it soon in Paris.

The Cambodian people and nation will remember at all times and under all circumstances the past when the great Chinese people and the PRC Government always stood firmly by the cause of national independence and unity, sovereignty, and territorial integrity. In view of this, on behalf of the Cambodian people and the SNC, I would like to express the profoundest gratitude to the Chinese people and the magnificent PRC government.

I firmly believe that the long-standing relations of friendship and close cooperation which have bound our two peoples and countries will blossom forever.

Your Excellencies, please accept my highest regards.

[Dated] New York, 30 September 1991.

[Signed] Norodom Sihanouk, chairman of the SNC of Cambodia.

Dismantling of SRV Administrative Networks Urged

BK0410040791 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 3 Oct 91

[Station commmentary: "Only After the Vietnamese Administrative Networks in Villages and Communes Are Completely Dismantled and National Councils Are Set Up Can Genuine National Reconciliation Be Achieved"]

[Text] Agreements reached at various Supreme National Council [SNC] meetings presided over by Samdech Norodom Sihanouk have fully satisfied our people inside and outside the country, as well as near and distant friends all over the world. All have seen the light of a settlement for ending the Vietnamese war of aggression in Cambodia due to the fact that the SNC headed by Samdech Norodom Sihanouk is the only legitimate state body and source of authority representing Cambodia's sovereignty and independence; there is no longer any other state authority. A UN force composed of military and civilian personnel will be dispatched to Cambodia to exert an overall control over the withdrawal of Vietnamese aggressor forces from Cambodia and the military demobilization and regrouping to be implemented by all the Cambodian parties. This is to ensure security and tranquility in Cambodia. And the SNC and the UN force will jointly organize free and democratic elections in the country under the supervision of the United Nations.

This being the case, there is now a sufficient foundation for solving the Cambodian problem. So the Cambodian people hope that genuine national reconciliation will be achieved, the Vietnamese war of aggression in the country brought to an end, and Cambodia restored to peace, security, and independence within its territorial integrity, thereby allowing the Cambodian people to live in peace and have the opportunity to earn money and improve their living standards and rebuild their country into a prosperous one.

By all accounts, to enhance and expedite the settlement that will close the books on the Vietnamese war of aggression in Cambodia, our people througout the country are painstakingly joining forces to actively and zealously implement everywhere policies that, as it were, destroy two and create four, and follow the three dont's and three do's. In particular, our people are striving to dismantle more and more administrative networks of the Vietnamese aggressors in villages and communes and replace them with national councils. This is because our people clearly realize that, as the SNC headed by Samdech Norodom Sihanouk already exists, the Vietnamese invaders' administrative networks are not needed. They are also well aware that only after those networks are completely disbanded and national councils established in every village and commune throughout the country can our Cambodia recover peace, security, and independence; only after Vietnamese invaders of all appearances are moved out of Cambodia can the Cambodian people reach genuine national reconciliation; and only when there is no discrimination against white, black, blue, or red can great national union be achieved. Our people can only live peacefully and have freedom to earn money and improve their living standards without oppression if the Vietnamese aggressors' administrative networks no longer exist. And only after all the Vietnamese state authorities and Vietnamese aggressors' forces are dispelled from Cambodia can the Cambodian problem be settled and the nearly 13 years of war in Cambodia come to an end, thereby allowing Cambodia to recover peace, security, and stability and enabling Southeast Asia and the Asia-Pacific to regain lasting peace and stability.

Red Cross To Aid Invalid Rehabilitation Work

BK0410063291 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 1300 GMT 3 Oct 91

[Text] On the morning of 2 October at the Ministry of War Invalids and Social Affairs, Comrade Do Sohan, member of the party Central Committee and first deputy minister of war invalids and social affairs, and Jean-Jacques Brussa, chairman of the Cambodia-based International Committee of the Red Cross [ICRC], signed an accord on cooperation to implement a war invalids rehabilitation program.

According to the agreement, the two sides have agreed to jointly carry out the social work in two phases. First, they will expand the prosthetic appliance workshop in Phnom Penh and create a rehabilitation center in Battambang. Second, the ICRC, if required by the Ministry of War Invalids and Social Affairs, will arrange a program for training rehabilitation specialists in Phnom Penh, organize a general rehabilitation program for all types of disabled people—both military and civilian—and fix artificial limbs for disabled people free of charge.

The five-year-term accord is effective from the signing date of the agreement.

Offshore Oil Exploration Contract Awarded

BK0410012491 Hong Kong AFP in English 1331 GMT 3 Oct 91

[Text] Phnom Penh, Oct 3 (AFP)—Cambodia awarded Thursday its first oil exploration contract in decades to a French-British joint venture, government and industry officials said.

The French Compagnie Europeenne des Petroles (CEP) and the London-based Enterprise Oil will jointly explore 5,000 square kilometers (2,000 square miles) off the coast of Cambodia's Kompong Som Province.

"This marks the return of (oil) exploration to this country," Enterprise Oil director of exploration Iain Paterson said at a signing ceremony.

Enterprise officials said their capital input in the first three years of exploration would amount to about 15 million dollars, while the French side would contribute "tens of millions" of dollars.

"We are now the foremost petroleum exploration grouping in Indochina," CEP chairman Michel Doumeng told AFP. Both companies have extensive operations in Vietnam and Laos. Enterprise will act as the operator of all drilling sites.

Enterprise will have a 60 percent interest, with CEP having the remaining 40 percent, officials said.

The agreement was for an initial exploration period of three years with the possibility of extensions for a further three years, and permits production for 30 years from the start of the agreement.

The Cambodian Government invited foreign oil companies to bid for exploration rights for 26 on-shore and off-shore sites.

The joint venture was awarded two of about six off-shore zones, and Industry Ministry officials said the remaining contracts for the first round of bidding would be announced "soon."

Oil industry officials here said most foreign companies were interested only in the off-shore sites.

Doumeng called oil exploration off the coast of Indochina "the most strategic for all the region and principally for France."

Neither company would comment in efforts to include the Thai national oil company in their exploration. But Doumeng said CEP was negotiating with the Thai Government over research rights in the sea between Cambodia and Thailand.

Reportage on Hun Sen's Visit to France

WA0410124491

For French reportage on the visit by Cambodian Prime Minister Hun Sen to France, including reports on his talks with French Prime Minister Edith Cresson and Foreign Minister Roland Dumas, please see the France section of the 3 October West Europe DAILY REPORT and subsequent issues.

Indonesia

Further on Visit by Japanese Emperor, Empress

Suharto Hosts Banquet 3 Oct

OW0310153791 Tokyo KYODO in English 1523 GMT 3 Oct 91

[By Masanori Kikuta]

[Text] Jakarta, Oct. 3 KYODO—Indonesian President Suharto urged Japan and his country Thursday to look back on their bitter wartime past not with emotion but with wisdom to help build new bilateral ties.

Japanese Emperor Akihito, echoing the appeal during a banquet hosted by Suharto at the Merdeka Palace, reassured Asian neighbors for the third time in a week that Tokyo will never repeat the horrors of World War II.

The emperor's visit to Indonesia, the first by a Japanese monarch, began as a group of former Indonesian soldiers employed by Japan during the war issued a statement asking him for help to win compensation from Tokyo for unpaid salaries and lost deposits.

Suharto said the visit "marks a milestone in the history of relations between the two nations."

"It is not rare to recall the past and become somewhat emotional," he said, referring implicitly to Japan's 1942-45 occupation of what then was the Dutch East Indies.

"But looking back on the past history with wisdom encourages new inspiration and new vigor to build our future with a new spirit and a new goal," Suharto said.

The emperor said Japan is "resolved that it will live as a nation of peace so that it should never repeat the horrors of that most unfortunate war."

"Based on this new resolve," he said, "Japan has made unremitting efforts since the end of the war to build a new friendship with southeast Asian countries."

The emperor had made identical statements in Bangkok and Kuala Lumpur on the first two stops of his 11-day southeast Asian tour that began a week ago.

"I hope that my current visit to Indonesia will serve to further enhance exchanges between our two countries and that our friendly ties will continue to develop as an important basis for the peace and prosperity of Asia," he added.

The emperor, accompanied by Empress Michiko, flew into Jakarta earlier in the day from Kuala Lumpur on the last leg of the three-nation Southeast Asian tour.

He presented Suharto with 50 colored long-fin carp airlifted from Japan ahead of his arrival.

The fish are a hybrid of Japanese colored carp and Indonesian long-fin carp, produced at the emperor's suggestion following his 1962 visit to Indonesia.

Suharto said in his banquet speech he hopes the carp will grow to become "a mirror which reflects the strong friendship between our two nations."

Earlier in the day, the emperor laid a wreath at the Kalibata National Heroes Cemetery dedicated to more than 4,000 people who contributed to the country in the past several decades, including 16 Japanese.

The empress visited the Tanmiyat School for the Blind before joining the emperor at the Dharma Persada University, established by a group of Indonesians who had studied in Japan.

The couple will fly home sunday after touring Indonesia's historical sites, including the remains of a buddhist temple in Borobudur dating back to the Ninth Century.

Visits Jakarta Park

OW0410035091 Tokyo KYODO in English 0311 GMT 4 Oct 91

[Text] Jakarta, Oct. 4 KYODO—Japanese Emperor Akihito and Empress Michiko toured a spacious park in Jakarta on Friday on the second day of their official visit to Indonesia.

The 120-hectare Taman Mini Indonesia Indah, meaning Indonesia's beautiful minipark, had 5.7 million visitors last year.

The couple will fly to Jogjakarta later in the day for a tour of Indonesia's cultural and historical sites in the ancient city, 550 kilometers east of Jakarta.

The sites include remains of the nearly 12-centuries-old Buddhist monument of Borobudur on the outskirts of Jogjakarta.

They will return to Jakarta on Saturday evening after staying overnight at a guesthouse in the Jogjakarta palace, one of five presidential palaces in the country.

The couple will fly home Sunday, completing an 11-day tour of three Southeast Asian nations which has taken them to Thailand and Malaysia.

This is the first visit to the region by a Japanese monarch and the emperor's first overseas trip since his enthronement last year.

Tours Ancient City

OW0410092591 Tokyo KYODO in English 0800 GMT 4 Oct 91

[Text] Jogjakarta, Indonesia, Oct. 4 KYODO—Japan's Emperor Akihito and Empress Michiko toured this ancient city Friday on the second day of their official visit to Indonesia, the last stop of a three-nation southeast Asian trip.

The emperor and empress flew about 550 kilometers eastward from Jakarta for an overnight stay.

They will return to Jakarta on Saturday evening after visiting the 200-year-old palace of the Javanese sultan in the center of the city, the Buddhist monument of Borobudur dating back to the ninth century, and other historical places.

Earlier in the day, the couple toured the Taman Mini Park in Jakarta. The 120-hectare park saw 5.7 million visitors last year, bringing the total since its opening in 1975 to more than 58 million.

The emperor and empress will fly home Sunday, completing their 11-day tour of three southeast Asian nations which has taken them also to Thailand and Malaysia.

This is the first visit to the region by a Japanese monarch and the emperor's first overseas trip since his succession to the throne following the death of his father, Emperor Hirohito, in January 1989.

Laos

Nouhak Phoumsavan Receives Cambodian Envoy

BK0310132891 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 3 Oct 91

[Text] This morning at the reception room of the National Assembly, Nouhak Phoumsavan, chairman of the National Assembly of the Lao People's Democratic Republic [LPDR], received Long Kem, ambassador extraordinary and plenipotentiary of the State of Cambodia to Laos, who is ending his mission in the LPDR. Long Kem was appointed Cambodian ambassador to Laos on 29 November 1988.

The meeting between the host and guest proceeded under an intimate atmosphere. Nouhak Phoumsavan hailed the Cambodian envoy for having efficiently carried out his diplomatic mission in this country, thus contributing to further strengthening and making fruitful the relations and cooperation between the governments and peoples of the two countries. The National Assembly chairman wished the ambassador success in his new position and safe trip back to his country.

Australian Broadcasting Chief Arrives for Visit

BK0310103091 Vientiane KPL in English 0909 GMT 3 Oct 91

[Text] Vinetiane, October 3 (KPL)—A three-member delegation of the Australian Broadcasting Corporation (ABC), currently on a visit here, yesterday paid a courtesy visit to the Lao minister of information and culture, Mr. Mounkeo Olaboun.

The Lao minister welcomed the visit of the ABC delegation and expressed thanks for the Australian development assistance given to Laos. He stressed on the furtherance of good relations and cooperation between Australia and Laos.

The delegation led by Mr. Malcolm Long, director of the ABC radio, arrived here on September 29 for a five-day working visit. The delegation discussed with the Lao national radio officials focussing on bilateral cooperation, particularly on possibilities of Australian technical assistance to the Lao national radio.

Laos is the first destination of the ABC radio dirctor's Indochina tour. He will leave here today for Vietnam and Cambodia.

Minister Highlights New Economic Development

BK0410023791 Bangkok BANGKOK POST in English 4 Oct 91 p 28

[Text] The Laotian government's new Economic mechanism has encouraged new patterns of development and an improvement in Laos' economy, business and general livelihood in all sectors, claims Laos Minister of External Economic Relations and Foreign Investment Management Committee vice chairman Phao Bounnaphon.

The government's new economic policy, aimed at converting the centrally-planned economy into a mixed economy, also had helped create a new image of the country's society as a whole, he said.

Mr Phao was speaking at the two-day Thai-Lao forum on Investment and Trade Opportunities in Laos at the Dusit Thani Hotel yesterday.

About 400 businessmen and representatives from various international organisations attended—twice the number expected.

The seminar, which ends today, was aimed at exchanging information on opprtunities for private investment in Laos, at promoting enhanced understanding of its policies, laws and regulations guiding that investment, and at intiating contact between parties from Laos, Thailand and other countries.

Mr Phao said his government had endeavoured to take a further step towards reconstruction by outlining a policy for the extension of economic cooperation with all countries through an "open-door" policy.

He said the economic policy promoted the use of market condition, commodity and market relations and market laws.

The new policy started with changes in economic management mechanisms and with the conversion of state-owned enterprises to new management systems, including greater autonomy in administration, production planning and finance.

He confirmed that much of the country's known investment opportunities remained untapped.

In the tourism sector there were good opportunities for development as Laos still was covered by forests, streams, highlands, mountains and beautiful islands.

Laos had numerous rivers ideally suited to the construction of hydropower installations to generate electricity for export and domestic consumption.

He said total production could reach thousands of megawats.

"Our government encourages both public and private-sector investment in this field," he said.

In the field of mining, Laos had many minerals, such as precious stones, gold, tin, iron ore, coal and others which remained to be explored and exploited.

Vientiane was actively promoting mineral investments which equitably balanced public and private interests, Mr Phao said

In the field of light industry, Laos had promoted export-oriented industrial production, using domestic or imported raw materials.

The Laotian government was ready to consider the establishment of industrial estates or export-processing zones where feasible, in locations with adequate communications, adjacent to ports.

The government had authorised foreign companies from England, France and the United State to invest in oil exploration in three concessional areas.

In the field of agribusiness, Laos had tremendous potential, with plains and highlands appropriate for animal husbandry and for the cultivation of tropical and temperate crops, including rice maize, coffee, tea, cotton, sugar cane, beans, fruits and other produce.

He said his government gave priority to investments in this sector, and agricultural investors would accordingly be given appropriate support.

The government also considered the services sector another sector ripe for private investment.

It included banking and credit institutions, transport services and investment in infrastructure facilities, international airports, roads, ports and more.

Meanwhile, Deputy Foreign Minister Wichian Watthanakhun urge business leaders to consider the challenges and oportunities offered by their neighbouring country and Thailand's potential to be a stepping stone for further business activities in the region.

Mr Wichian said Thailand hoped to serve as a channel for foreign assistance and as a bridge linking Laos to foreign investors and the global economy.

Bank Director on Foreign Investment Opportunities

BK0410030991 Bangkok BANGKOK POST in English 4 Oct 91 p 28

[Text] The Laotian government is forging ahead with banking and monetary system by inviting foreign banks and investors to open commercial bank branches there.

The government also will privatise its six state-owned commercial banks by allowing the private sector to hold shares.

Foreign Trade Bank of Lao PDR director Phian Phailakon yesterday said at a Thai-Lao forum on investment and trade opportunities in Laos in Bangkok that the government would select only foreign bankers and investors who had good intentions with regard to opening branches there or joining with the six state-owned commercial banks.

The reform policy was announced recently but so far the Laotian government had not been approached by foreign bankers, Mr Phian told BUSINESS POST after the seminar.

But he said the government had decided on the number of foreign bank branches it would allow to set up in Laos.

Because Laos' economic scale was still small, the government would allow foreign bank branches to set up there as necessary to cope with the country's economic scale, Mr Phian said.

Laos began its banking and monetary reform in 1987 and until now owned seven commercial banks, which included one joint-public and private bank called the Joint Development Bank, and another six state-owned commercial banks.

In December, 1989, the Thai Military Bank set up a representative office in Vientiane.

Thai Finance Deputy Minister Wiraphong Ramangkun praised the Laotian government's financial system reforms, saying the country's banking and financial systems had improved rapidly.

Mr Phian said the Laos currency, the kip, was stable and would continue to be stable next year.

He said the Laotian government had no restrictions on money remittance for foreigners. The remittance was allowed to proceed according to international practices.

Thai Bankers' Association representative Dr Wichit Suraphongchai, however, said Laos' banking system still lacked legal backing.

This was evidenced when commercial banks confiscated collateral from their bad-debt cusstomers, but with insufficient legal backing.

Dr Wichit said doing business in Laos was very hard with regard to conflicts within the scope of commercial bank law.

Vientiane Hospital Receives Thai Medical Gift

BK0310102891 Vientiane KPL in English 0901 GMT 3 Oct 91

[Text] Vientiane, Oct 3 (KPL)—A ceremony was held here yesterday to hand over some 20,000 U.S. dollars worth of medical equipment, gift from the Thai government, to the Vientiane hospital.

The gift includes a complete set of medical equipment and a set of ultra-sound machine.

The handing over was made between Mr. Somchan, member of the Lao-Thai Cooperation Committee, and Mr. Khamphong Soulinphoumi, standing member of the Vientiane Municipal Administrative Committee.

Rice Shortage Predicted in Attopeu Province

BK0410103691 Vientiane KPL in English 0907 GMT 4 Oct 91

[Text] Vientiane, Oct 4 (KPL)—337 families of 2,262 people in Attopeu Province, especially in Sanamsai District, will be short of 1,732 tons of paddy, as a result of their 75 ha [hectare] rice plantation this year damaged by flood.

The provincial service of agriculture has now planned to encourage local farmers to grow second rice on 26 hectares and starchy crops on 371 hectares.

Philippines

Developments in U.S. Withdrawal Issue Reported

U.S. Asked To Reduce in 1992

HK0410011791 Manila DWIZ Voice of the Filipino People's Radio in Tagalog 2200 GMT 3 Oct 91

[Text] The Philippines has asked the United States to start the reduction of their forces in the country next year in preparation for their total pullout in 1992 [as heard]. The request was conveyed by General Lisandro Abadia, Armed Forces chief of staff, after he informed Subic Naval Base commander Rear Admiral Thomas Mercer that Malacanang has already approved the formation of a joint Republic of the Philippines-U.S. withdrawal committee that will oversee the orderly withdrawal of American forces from the Philippines.

Abadia said that he has told Mercer that President Aquino would like to start the reduction of their forces in Subic during the first few weeks of next year. The notice of termination may be issued to the United States within the coming two weeks after the executive and the Senate have finalized the executive agreement that will set the period of withdrawal by the Americans from the country.

Manglapus To Head Negotiations

HK0410012291 Manila DWIZ Voice of the Filipino People's Radio in Tagalog 2200 GMT 3 Oct 91

[Text] President Aquino appointed Foreign Affairs Secretary Raul Manglapus to head the new negotiations with the United States for the agreed three-year withdrawal period for the American forces in the Philippines. She also ordered the Department of Foreign Affairs to send diplomatic notes to the United States to inform it of the agreed withdrawal plan.

Drilon: 3-Year Withdrawal 'Fixed'

HK0410030091 Quezon City MALAYA in English 4 Oct 91 pp 1, 2

[By Chit Estella and Ellen Tordesillas]

[Text] Executive Secretary Franklin Drilon yesterday gave the assurance that the three-year period being given for the withdrawal of American military facilities here is "terminal" and an executive agreement is sufficient legal framework for the extended stay of U.S. forces.

Drilon also said a new notice of termination may be issued in the next two weeks during which the executive agreement is expected to be approved. The agreement will contain a "very clearly defined" schedule for withdrawal, he said.

Drilon disputed speculations that Malacanang was actually working for an extension of the bases agreement.

Scolding newsmen, he said: "You know, your quetions are such that you doubt whether we will serve the notice at the earliest possible opportunity. We will do that. We will not play games here."

He also said there will be "no more negotiation on the period of withdrawal" since the three years laid down by Mrs. Aquino were already "fixed."

"I can assure you that it will be three years. It's either from Sept. 16, 1991 or reasonably, a few weeks after that, but it will not be that the three years will start one year from now. No such thing," he said.

The Department of Foreign Affairs sent a note verbale to the U.S. Embassy calling for talks on the withdrawal of American forces and facilities from Subic Naval Base but no date was suggested for the convening of the talks, a diplomatic source said.

Gen. Lisandro Abadia, Armed Forces chief, said he recently informed Rear Admiral Thomas Mercer, Subic

Naval Base commander, that Malacanang has approved the immediate creation of a joint RP [Republic of the Philippines]-U.S. withdrawal committee to supervise the orderly pull out of U.S. forces from the country.

Other developments:

—Justice Undersecretary Silvestre Bello III said he supports the three-year phase out for the U.S. bases since it is "constitutionally permissible."

—Internal Revenue Commissioner Jose Ong belittled a petition asking the Supreme Court to compel his bureau to collect taxes on "overstaying" American troops.

"What is there to collect? They may not even report their incomes," he said.

The petition before the Supreme Court also asks that immigration and criminal laws be applied on "overstaying" Americans.

Defending the three-year withdrawal period Drilon—who denied that Ambassador Frank Wisner had a hand in drafting the resolution—said the timetable was reasonable.

He said: "This is not an apartment tenant whom you evict by serving a notice of eviction. There has to be a phaseout of their operations as we phase in because we cannot phase in in one year's time."

Disputing the contention by anti-treaty senators that a treaty would be needed for the stay of the facilities beyond the one year provided under the Ramos-Rusk Agreement, Drilon said the process of an orderly withdrawal does not require a treaty. He said the Constitution requires a treaty only if the facilities would be staying for the same use they originally had.

"Their stay here in the context of a withdrawal does not require a treaty," he said.

Drilon also said Malacanang has no objection to the Senate proposal for the inclusion of some senators in the withdrawal committee. But he would not comment on whether it is willing to accept Senators Leticia Ramos-Shahani (LDP) [Struggle of the Filipino Democrat], Wigberto Tanada (LP) [Liberal Party], and Juan Ponce Enrile (NP) [Nationalist Party] as representatives of the Senate in the committee, as proposed by Senate President Salonga.

Withdrawal Term Feared Not Fixed

HK0410032691 Manila PHILIPPINE DAILY INQUIRER in English 4 Oct 91 p 4

[Editorial: "Three years or forever"]

[Text] All too soon, a brilliant, rapturous moment in Philippine history is gone. Three of the 12 senators, who did the country proud by rejecting a new base treaty with the United States, have abandoned the cause of freedom and sovereignty and delivered us back to bondage under our American masters. Last Wednesday, Senators Agapito Aquino, Orlando Mercado and Rene Saguisag sealed our people's continued indenture to America by joining nine pro-treaty senators in signing a resolution giving the U.S. up to three years to withdraw its bases and troops from Philippine soil.

Aquino, Mercado and Saguisag may try to rationalize their action by citing national interest and expediency. But no amount of rationalization can justify their betrayal. Aquino, Mercado and Saguisag may shout all they can that they want the bases out. But all their declarations cannot hide their shameful sell-out to Malacanang and the U.S.

They say theirs is a formula for withdrawal. But what they are trying to foist on the Senate and the people is an agreement to keep the bases not only for another three years, but possibly even longer. Executive Secretary Franklin Drilon says that the withdrawal will be "terminal" and cannot be extended. Yet in the same breath he says the proposed agreement will not be binding on the next administration. In other words, not a single American soldier has to leave until the very last minute of the period of withdrawal. In the meantime, the U.S. can work for the election next year of a friendly president and senators, who will vote for a new treaty. If only Aquino, Mercado and Saguisag would be honest, they would acknowledge that those three years could be forever, and they have abdicated their responsibility to set the nation free.

How soon they have forgotten their stirring call for the nation to assert its freedom, sovereignty and dignity!

For Saguisag the wimpish turnaround came only a day after he voted to reject the treaty when he proposed the three-year pullout period. Why? Because he did not want to hurt his president anymore. To soothe the feelings of one woman, he gave up his principles and sold the nation's soul.

What about Aquino and Mercado? Did they panic when the President threatened to run for reelection? It's not flattering to Ms. Aquino that some senators, including her brother-in-law, think they can bear further U.S. intervention and domination than six more years of her administration. But that seems to be the only explanation for their sudden and craven capitulation on the issue.

President Aquino may get the whole Senate to vote for this cop-out of a formula for withdrawal, but this won't legitimize the stay of U.S. forces. The Constitution cannot be more precise on their point: After the RP [Republic of the Philippines]-U.S. Military Bases Agreement expired last Sept. 16, no foreign troops, bases or facilities are allowed on Philippine territory without a treaty "concurred in by the Senate." Neither the President nor the Senate can substitute an executive agreement for a treaty. And the Senate has no authority to change that condition unless it wants to usurp the authority to amend the Constitution.

With the treaty's rejection, the Executive must get the U.S. bases out of Philippines. This is the mandate of the Constitution. the President cannot shirk this obligation without violating the fundamental law and her solemn oath to uphold and defend it.

Bases Compromise Boosts Stocks

HK0410034091 Quezon City MALAYA in English 4 Oct 91 p 9

[By Ramon Nadal]

[Text] Stock prices rose moderately yesterday, indicating renewal of investors' confidence following the announcement of a compromise between Malacanang and the Senate regarding for a three-year bases withdrawal period.

The compoise stock index in Manila defied projections for a decline this week by gaining 9.91 points to settle at 960.31. The Makati Stock Exchange's composite stock index climbed by 9.87 points to 970.24.

"It is a little bit bullish," observed Citisecurities research director Fe Paller. Andre Flores, marketing manager of FEB [expansion unknown] Stock-brokers, cited the return of interest in the equities market.

Uncertainty, which persistently drove the market down, was partly eliminated with the agreement between President Corazon Aquino and the Senate concerning the pullout of the American troops, analysts said.

Summit Securities President Harry Liu downplayed the market's performance. "There was not much movement," he said. "The improvement in the commercial-industrial sector was very small. The bases issue has already been discounted by investors. What the compromise (between Malacanang and the Senate) just did was that it stabilized foreigners. It may have resulted in foreign investors trickling back to the market.

Manila To Send U.S. New Notice

HK0410084491 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 4 Oct 91

[Text] A new notice of termination setting the withdrawal period of the U.S. military from the country is scheduled to be submitted by the Philippine Government to Washington.

In line with this, Executive Secretary Franklin Drilon said the government will still be consulting the Senate prior to their submission of the notice of termination before the end of this year.

It is remembered that the first termination notice was submitted by Malacanang when negotiations for the Republic of the Philippines-U.S. Treaty of Friendship, Cooperation, and Security were just starting.

Meanwhile, Drilon said that a committee has been formed to execute the withdrawal of the U.S. forces from the country.

Abadia: No Subic Combat Operations

HK0410092691 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 4 Oct 91

[By Sonny Casulla of DZRH Unit No. 9]

[Text] General Lisandro Abadia, Armed Forces of the Philippines chief of staff, assured that the United States cannot use Subic Naval Base for combat operations during the three-year withdrawal period, which is set to be confirmed by the signing of an executive agreement between the United States and Philippine Governments.

In an interview with Abadia after meeting with President Corazon Aquino at Malacanang, he said that he had already met with Rear Admiral Thomas Mercer, Subic Naval Base commander, to whom he said that the U.S. Government should now be informed of the president and the senator's plan for a three-year withdrawal period.

According to Abadia, they have also discussed the guidelines and conditions which will be involved in the withdrawal of the U.S. forces from the military base. He added that the joint withdrawal committee will still be conducting talks in order to finalize the withdrawal plans. Abadia clarified that if war broke out in any part of the world, the United States cannot use Subic Naval Base for any combat operations.

Early 1992 Reduction Said Planned

HK0410110191 Quezon City Radyo ng Bayan in Tagalog 1000 GMT 4 Oct 91

[Text] Armed Forces of the Philippines General Lisandro Abadia told President Aquino there will be a physical reduction of American forces at Subic Naval Base. According to Abadia, the reduction of the U.S. troops will start next January or February. Here is Tanny Rodriquez with the details:

[Rodriquez] In an interview with Abadia at Malacanang, Abadia said the reduction will start next February. He said he received this information after talking with Admiral Thomas Mercer, U.S. military commander of Subic Naval Base during a meeting of the Mutual Defense Board. Abadia also said despite the three-year withdrawal period granted to the U.S. troops in Subic Naval Base, they will still continue to hold a joint military exercise in December. He also said the U.S. Government will continue to withdraw its forces from Subic under the direction of the Joint Withdrawal Committee which will be formed by the Department of Environment and the U.S. Government. [end recording]

Ramos Supports Three-Year Plan

HK0410101991 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 4 Oct 91

[By Fernan Imberga of DZRH Unit No. 22]

[Text] Former defense secretary and presidential aspirant Fidel V. Ramos expressed his support for the three-year withdrawal of the U.S. bases which was earlier announced by President Corazon Aquino. Ramos said that the transition period would favor the estimated 7,000 base workers who depend solely on the U.S. facilities for their livelihood.

According to Ramos, the new transition period would also give the government and the private sector leeway in formulating plans to give the base workers other job alternatives. Furthermore, Ramos said that the American forces should be given ample time to withdraw so that their facilities can be converted for civilian use. According to Ramos, sufficient time is also needed for the transition period and the Aquino administration's proposal of a three-year withdrawal answers this need.

Maceda Does Not 'Yet' Approve

HK0410114691 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 4 Oct 91

[Italicized passages in English]

[Text] Senator Ernesto Maceda vehemently denied reports saying that he and Senator Joseph Estrada have agreed on the three-year withdrawal period for the American military bases in the country. According to Senator Maceda, he cannot yet approve the withdrawal agreement because it does not yet have any concrete basis and it would be better if they first consult with the group of antibases senators headed by Senator Jovito Salonga and the Party of the Filipino Masses Executive Committee. Here is Senator Ernesto Maceda's statement:

[Begin Maceda recording] I would like to clarify that it is not true that Senator Estrada and I have promised to support Malacanang's three-year withdrawal proposal. First of all, the proposal is *very sketchy and very general* and it does not yet have specific details. Second, when we went there we said *that we have to consult with the two groups before we can state our position.* First is Senate President Salonga's group and other members of the antibases group. Second, the Party of the Filipino Masses Executive Committee. So I would just like to clarify *that at this point in time we have not yet decided to support the three-year withdrawal proposal.* [end recording]

Aquino Denies Any Plan To Run in 1992 Election

HK0410100891 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 4 Oct 91

[Text] President Corazon Aquino denied the report that she will run again for president in 1992 to legislators from the lower house. Afterward, the president appealed to House Speaker Ramon Mitra and former Defense Secretary Fidel Ramos to continue to help each other even though only one of them will be chosen as the Struggle of Filipino Democrats [LDP] presidential standard bearer. After a meeting between the president and some congressmen in Malacanang, Bulacan Congressman Jose Cabochan said that they had asked the president if she will run again but she said that she does not need to. The president advised Mitra and Ramos that, whomsoever of them loses in the LDP convention, might as well run as a vice president and not run for president for another party. Cabochan said that whoever loses must continue to support the candidacy of the one selected to run for president. Paranaque Congressman Freddie Webb said that details of the remarks on whether or not Aquino will run again were not elaborated on and commented that he would not support Aquino if she does decide to run again. The possibility of the president running again was recently announced by Executive Secretary Franklin Drilon before the Senate had agreed on the withdrawal plan for the departure of the U.S. forces from the military bases in the country.

Rebels Ready for 'Reconciliation With Justice'

HK0310042591 Manila DWIZ Voice of the Filipino People's Radio in Tagalog 2200 GMT 2 Oct 91

[Text] General Lisandro Abadia, Armed Forces of the Philippines chief-of-staff, said that the soldiers of the Reform the Armed Forces [RAM] are prepared to return to military control without any conditions attached. General Abadia ascertained that there had been great progress in his talks with the group of former Colonel Gringo Honasan.

Abadia said that the progress he was referring to was the airing of the rebel soldiers of their demands and the rebel soldiers' willingness to list the issues which he was to discuss with them.

He also confirmed that he was able to convince Honasan's group of the Aquino government's policy of reconciliation with justice. Under this policy, the rebel soldiers must first undergo investigation and face trials with regards to rebellion charges which were filed against them before President Aquino could consider giving general amnesty.

According to Abadia, the rebel soldiers are not against the Constitution and they also believe in having reconciliation with justice.

Military Rebels' Return To Service Refused

HK0410032791 Manila DWIZ Voice of the Filipino People's Radio in Tagalog 2200 GMT 3 Oct 91

[Text] The Armed Forces of the Philippines [AFP] has closed its doors to the possibility of former Colonel Gregorio Gringo Honasan and former Commodore

Domingo Kalajati returning to service. This was disclosed by General Lisandro Abadia, AFP chief of staff, at a news conference yesterday.

Abadia said that AFP commanders have decided to make the policy barring leaders of the Reform the Armed Forces Movement-Soldiers of the Filipino People-Young Officers Union from returning to service final even if they are given extrajudicial remedy or amnesty.

General Abadia personally informed Honasan and Kalajati of this matter. Furthermore, he suggested that the rebel leaders try their luck in the upcoming elections. The general stressed that one of Honasan's best alternatives is to run in the 1992 elections in order to further promulgate his ideology.

Two Rebel Officers Join Peace-Talk Secretariat

HK0410034991 Manila THE CHRONICLE in English 4 Oct 91 p 3

[Text] Two former army lieutenant colonels have joined the secretariat which the rebel soldiers have organized to formulate the agenda for the proposed talks between the government and the right-wing rebels, military sources said.

Alexander Noble, who led a failed military uprising in Agusan province in norther Mindanao a year ago, and Marcelino "Jake" Malajacan, a classmate of coup leader Gregorio Honasan, have joined the RAM-KSP-YOU [Reform the Armed Forces-Soldiers of the Filipino People-Young Officers Union] secretariat to draft talking points that would be raised during the formal talks.

The seven-man secretariat, composed of detained military rebel officers, is now housed in a tightly-guarded barracks inside Camp Aguinaldo.

Other members of the group include former navy captain Proceso Maligalig, former marine major Cesar de la Pena, former army major Grandy Calimag, former army captain Danilo Lim, and former major Nestor Senares of the defunct PC-INP [Philippine Constabulary-Integrated National Police].

All five were detained inside the PNP [Philippine National Police] stockade in Camp Crame but were temporarily moved inside Camp Aguinaldo Tuesday night after the secretariat was organized to replace the RAM-KSP-YOU exploratory group (REG) which were organized to establish contact and convince the rebel leaders to hold dialogues with the armed forces leadership.

All members of the REG have returned to their prison cells, excluding ex-air force lieutenant colonel Eduardo "Red" Kapunan, whose October 4 deadline safe conduct pass has been renewed for another month.

Rebels Turn Down Negros Occidental Cease-Fire

HK0410040591 Manila PHILIPPINE DAILY INQUIRER in English 4 Oct 91 p 1

[By Carla Gomez]

[Text] Bacolod City—A peace committee consisting of top provincial, military and Church leaders in Negros Occidental yesterday announced the extension of a province-wide ceasefire for another 10 days in the hope that communist rebels in Negros will respond to its call for peace talks.

As this developed, four soldiers and one communist rebel were killed when dissidents attacked a military outpost in San Luis, Agusan del Sur, a military report said last Wednesday.

This brought to 42 the number killed since the unilateral rebel ceasefire ended more than a week ago.

Vice Gov. Rafael Coscolluela said the Negros peace committee has named Bishop Emeritus Antonio Fortich as the man to make contact with the rebels on the possibility of peace talks.

Fortich will also be given the authority to issue safe-conduct passes to rebels who want to make initial contact with the peace committee.

The committee is composed of top civilians, military and Church leaders in Negros Occidental.

The first 10-day ceasefire offered by the government here ends Friday. During the 10-day ceasefire, the New People's Army staged two ambushes resulting in the death of nine militiamen.

The National Democratic Front [NDF]-Negros in a statement issued yesterday, rejected the offer for local peace talks claiming that the U.S.-Aquino regime was not interested in addressing the root causes of the armed conflict.

The NDF said that the offer was part of the regime's counterinsurgency program to divide and rule the revolutionary movement.

The 4-page NDF statement was signed by Pio Monterosa, acting spokesman of the NDF-Negros, who urged local groups calling for peace talks to redirect their energy toward asking President Aquino to agree to talks on the national level so the whole nation could benefit from it.

Conscolluela said despite the NDF statement, the ceasefire has been extended in the hope that they would change their minds.

The sketchy military report on the Agusan del Sur rebel attack said dozens of NPA [New People's Army] guerrillas swooped down on a military detachment in San Luis killing four government soldiers. Soldiers killed one of the attackers.

Four other people were wounded in the fight.

Meanwhile, PNP [Philippine National Police] Director General Cesar Nazareno said local officials actively supporting or coddling communist rebels in the region and other parts of the country will be charged with subversion.

NPA Rebels Reportedly Attack Mitra's Ranch

HK0410102091 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 4 Oct 91

[By Fernan Imberga of DZRH Unit No. 22]

[Text] New People's Army [NPA] guerillas attacked House Speaker Ramon Mitra Jr's Isabela Province ranch. The guerillas set fire to and destroyed the ranch house and two large trucks and other farm equipment.

According to the report which reached Camp Crame, it was established that around 70 armed NPA rebels attacked Mitra's ranch in Barangay Minabat [placename as heard], Isabel. No casualties were reported; however, the property damage was extensive.

In the attack, the NPA guerillas burned to the ground the farm house, a six-by-six truck, a tractor, motor pool [as heard], an Isuzu L-truck, an electric generator, and other farm equipment.

Before the NPA guerillas left the farm, they also butchered a water buffalo owned by Mitra's caretaker, Mr Adjo.

The NPA attack was the first attack ever made on the property of a presidential aspirant after the National Democratic Front withdrew the cease-fire.

Philippine National Police authorities are still looking into the attack and no estimate has been made on the cost of the damage.

Report Shows Garment Exports to U.S. Slowing

HK0310063191 Manila BUSINESS WORLD in English 3 Oct 91 p 2

[By Reporter Ma. Liza A. Solano]

[Text] Garments and textile exports to the United States, the Philippines' biggest market, continue to move at a slow pace this year.

However, shipments to other markets, the European Community in particular, are growing at a faster rate. As a result, total export earnings still went up, albeit at a minimal 1.5%, to $1.383 billion in the first nine months of the year compared to $1.362 billion in the same period last year.

The figures, which are based on textile export clearances issued by the Garments and Textile Export Board [GTEB] as of Sept. 14, also show that exports to quota cosuntries slid by 0.16% to $1.164 billion this year while sales to the non-quota markets improved by 11.6% to $219.1 million.

The decline in exports to the U.S. is mainly due to the depressed market. However, recent statistics indicate an economic rebound. If this uptrend continues, exporters should enjoy improved sales in the U.S. next year.

Another reason for the reduction in exports to the U.S. is the charging of overshipments last year to the 1991 quota. These shipments involved 407,798 dozens of cotton and polyester pants worth about $22 million.

The Government is hoping to negotiate for a higher textile quota with the U.S. under a new bilateral agreement in anticipation of greater demand for Philippine-made products in the coming years.

The GTEB is also hoping to obtain higher allocations under the textile pact with the EC, which is also set to expire by 1992.

Existing bilateral agreements were supposed to end this year with the expiration of the Multi-Fiber Agreement [MFA], the international framework agreement on textile clothing trade, last August 1. However, textile traders recently agreed to extend the MFA and all existing agreements until December 1992.

Philippine exports to the EC grew by 30.6% to $325.1 million as of Sept. 14. The country's utilization of allocations for certain categories has improved considerably and, in some cases, dangerously near the limit.

GTEB and EC trade officials met in Brussels last week to discuss the Philippines' request for additional flexibility for category 6 which covers men's or boy's woven breeches, shorts, other than swimwear, and trousers, including slacks, and women's or girl's woven trousers and slacks (see Business World, October 1). Even with the use of allowable transfers, the utilization level for category 6 has already reached 92.3%, which translates to a free-on- board value of $28.5 million or 8.8% of total garment exports to EC.

Export sales in other top quota markets also went up. Foreign exchange earnings from shipments to Canada rose by 1.4% to $41.6 million; Norway, up by 58.7% to $2.5 million; Sweden, up by 17.4% to $5 million; and Austria, up by 46.9% to $3.5 million.

Exports to Japan, the country's biggest non-quota market, climbed by 6.8% to $53 million. Shipments to Australia grew by 13.5% to $11.8 million.

Import Levy Hinders Growth of Textile Industry

HK0410034691 Manila PHILIPPINE DAILY INQUIRER in English 4 Oct 91 P 17

[By Corrie S. Narisma]

[Text] Despite the reduction in the controversial import levy to five percent, the tax continues to stall the implementation of some P[Philippine pesos]12.5-billion worth of textile industry rehabilitation and modernization projects.

Governor Melito Salazar of the Board of Investments (BOI) yesterday said that at least 12 textile firms had decided to defer the implementation of their project.

This, he said, indicated that the most capital-intensive projects are being hardest hit by the import levy.

Salazar said the companies that deferred their new or expansion projects included Lyon Textile, whose venture would have cost P3.02 billion; Montalban Textile Mills, P2.9 billion; Fortune Integrated, P2.99 billion; Universal Robina, P839 million; Litton Mills, P839 million; Westpoint Industrial Mills Corp. P822 million; Fillmills Enterprises, P388.27 million; Grandorient Mills Corp., P85.75 million; Finetex Spinning, P175.26 million; Kewalram Phils. Inc., P328.48 million; Ramie Textile Inc., P356.65 million, and Chung Fu, P182.45 million.

Of the 12 projects, only those of Fillmills, Finetex, Montalban and Westpoint are new projects while the rest are expansion and modernization ventures.

Salazar said foreign exchange foregone due to the delay in the implementation of these projects amounted to $147 million.

Of the total cost of the projects, 70 percent or P8.75 billion represnted the cost of the required capital equipment to be imported. The additional burden on the companies due to the import levy was estimated at P800 million (computed using the nine percent levey) or P437 million at the reduced rate of five percent.

The 12 projects whose implementation had been deferred are part of the 67 projects worth P25 billion registered by the BOI from 1989 to the first half of 1991 under the textile industry modernization and rehabilitation program.

"I would trace this to the import levy. If you have a big project and there is an import levy, you will not be enthusiastic to proceed with it," Salazar said.

Thailand

Foreign Minister's UN Speech Focuses on Peace

BK0410004991 Bangkok THE NATION in English 4 Oct 91 p A 2

[Text] Foreign Minister Asa Sarasin announced Wednesday that a new regional order of peace, stability and prosperity is emerging in Southeast Asia with a peace pact settling the 13-year-old Cambodian conflict expected to be signed in the next three weeks.

In his speech to the 46th annual UN General Assembly, Asa said "for the first time since the Second World War, peace has come to Southeast Asia", adding that countries in the region "large and small, socialist and capitalist alike, have all concentrated on intensifying development and cooperation for the well-being of their peoples".

"For once, a new regional order in Southeast Asia will be charted by Southeast Asians. It will be an order of peace, stability and prosperity if the countries concerned learn the lessons of the past," he said.

The foreign minister urged the countries in the region to seize the opportunity "to manifest our aspirations, to express our right to shape the future of Southeast Asia with our hands".

Asa's statement coincided with the recent success in New York of Cambodia's rival leaders in forging a compromise on the last obstacle to a Cambodian peace settlement. He also praised Cambodian and international efforts in working out the Cambodian agreement.

Thailand for its part is ready to assist and offer the services of Thais to post-war Cambodia as well as render support to the United Nations Transitional Authority in Cambodia (UNTAC), which is to supervise the peace during the transitional period and organize general elections in the war-ravaged nation, Asa said.

In part of his statement, the foreign minister stressed that Thailand has a role "in helping build a new regional order in Southeast Asia", and that as the ASEAN member with the closest proximity to the non-ASEAN countries in the region, it "is in a unique position to extend a helping hand to Laos, Vietnam, Cambodia and Myanmar (Burma)".

On Burma, Asa said Thailand believed that isolation of that nation would not work to improve the political situation there.

"We (Thailand) have been working closely with other ASEAN states on this matter. We are convinced that the decision by the ASEAN foreign ministers to adopt constructive engagement as an approach towards Myanmar is correct. Some states have asked ASEAN to isolate Myanmar. We believe that would not work," he said.

Asa's UN Activities Reviewed

BK0310063091 Bangkok Radio Thailand Network in Thai 0530 GMT 3 Oct 91

[Text] The Foreign Ministry has reported on consultations Foreign Minister Asa Sarasin had with foreign leaders during his current trip to New York to attend the UN General Assembly. According to the report, the Romanian and Tunisian foreign ministers expressed a desire to achieve closer relations with Thailand, particularly in the areas of economic and trade cooperation. They sought a meeting of the joint trade commissions and proposed a framework for other forms of cooperation.

According to the report, Asa congratulated Mongolia on its plan to put into use a new constitution in March and welcomed its request to open an embassy in Bangkok as a tool to promote bilateral relations. He also thanked Mongolia for inviting a visit by a Thai economic and trade delegation and suggested that the government should help lay down a framework for economic and trade cooperation and encourage participation by the private sector.

King Greets PRC President on National Day

BK0310084991 Bangkok XIN ZHONG YUAN in Chinese 2 Oct 91 p 4

[Text] The People's Republic of China marked its 42d national day on 1 October. His majesty the king sent the following greeting message to Chinese President Yang Shangkun:

On the occasion of the national day of the People's Republic of China, I would like to extend my congratulations and best wishes to your excellency for your health and the happiness and greater prosperity of the Chinese people.

I believe that your excellency's visit to Thailand in June this year helped strengthen the friendly relations between the peoples of the two countries.

PTT To Send Marketing Team to Cambodia

BK0410012391 Bangkok THE NATION in English 4 Oct 91 p B 12

[Text] The Petroleum Authority of Thailand [PTT] will send a marketing team to Cambodia shortly to assess the possibility of opening petrol stations there at the invitation of the Phnom Penh government.

Since Luan Kritsnakri, governor of PTT, assumed the post about a month ago, the national oil company has started to explore opportunities to open petrol stations in neighbouring countries.

The move is in line with its subsidiary, PTT Exploration and Production Co. [PTTEP] which began work in some countries besides Cambodia.

A source from PTT said the team for Cambodia will be headed by Somsak Paropsongphon, deputy governor for marketing; and his assistant, Prasoet Bunsamphan. They will visit Cambodia within the next one to two weeks.

PTT will also invite the Cambodian commerce minister for talks when he visits Bangkok shortly. The plan to set up petrol stations in Cambodia will depend on the support and policy of the Cambodian government, a source said.

Last week, Deputy Industry Minister Wira Susangkonkan disclosed that the director general of Compagnie Euro Penne def Petroles had invited PTTEP to form a joint venture in petroleum exploration. The French firm was scheduled to sign a concession agreement with the Cambodian government yesterday.

Wira said PTTEP ought to take a 20 percent stake in the joint venture.

The source said PTT wanted to push into Indochinese petroleum markets now otherwise it would not be able to keep up with international oil companies. These countries have good growth potential and it is expected in the near future all of them will have roads linking one another.

Leading Muslim Separatist Surrenders 3 Oct

BK0410014991 Bangkok BANGKOK POST in English 4 Oct 91 p 6

[Text] Yala—A leading member of the Pattani United Liberation Organisation (PULO) separatist movement surrendered to government authorities yesterday after 16 years in exile.

The Haji Sama-ae Yakaji, 71, is the highest-ranking PULO member ever to have defected to the Government, said Governor Wisut Singkhachonworakun.

Accompanied by his relatives, the seriously ill Haji Sama-ae was driven to the provincial hall in a pickup truck under the escort of a truckload of armed defence volunteers.

He was received by senior officials, including Governor Wisut, chief of intelligence of Civilian-Police-Military 43 Task Force Col Ekkasak Sangsiri, Zone 12 Provincial Police commander Pol Maj-Gen Phichai Sunthonsatchabun, and the intelligence chief of the Southern Provinces Administrative Centre Phaisan Kittichokwatthana.

As soon as he was carried out of the truck onto a stretcher, he was given oxygen and first-aid treatment by a team of doctors and nurses. He refused to be hospitalised and went home after meeting the officials and the Press.

Haji Sama-ae was formerly a religious teacher in a Pornor school in Raman District. In 1975, he fled the country for Mecca in Saudi Arabia to seek refuge with Tuanku Beeror, the alleged PULO leader, for fear of being arrested after his school was searched by police under suspicion of storing arms.

The ailing religious teacher spent 10 years in Mecca working as a dressmaker before he went to Kedah State of Malaysia at the persuasion of Tuanku Beeror.

Haji Sama-ae gave religious lessons to all PULO separatist bandits and sympathisers taking refuge in Kedah State until he fell ill of heart ailment.

Governor Wisut said the surrender of Haji Sama-ae who was the "brain" of Tuanku Beeror would be very helpful to the authorities in efforts to crack down on the separatist movement.

The defector will soon be joined by his wife who is now living in Malaysia.

Suchinda Softens 'Tough' Stance on Protest Ban

BK0410011191 Bangkok THE NATION in English 4 Oct 91 pp A 1, A 2

[Text] Military chief Gen [General] Suchinda Khraprayun softened his previous tough stance yesterday by saying the National Peacekeeping Council had no intention to impose a ban on public gatherings during the World Bank/International Monetary Fund meeting.

Meanwhile, Deputy Police Director General Phong-amat Amatyakun, in charge of security for the bankers' conference, indicated that police may tolerate demonstrators provided that their protest was relevant to the meeting and that no laws were broken.

Gen Suchinda's announcement was apparently an attempt to clear confusion caused by contrasting statements made by members of the Anan Administration and the military council over the necessity to impose a temporary ban on public gatherings.

Politicians and students warned that a ban, if imposed, would further erode the credibility of the government and the military in their professed commitment to democratization because the measure contradicted the fundamental democratic principle that guarantees freedom of expression.

Also yesterday, chief of the National Security Council Charan Kunlawanit, citing a piece of intelligence, said security officials were keeping a close watch on a group of foreigners with the potential to carry out terrorist attacks. But he said he did not believe any untoward incident would be carried out by Thais.

"I don't think any Thais want to create a disturbance. They only want to air their views," Gen Charan said.

Suchinda, deputy chairman of the military council, when asked whether the military council would impose a ban, said: "We never said we would issue an order (to ban public gathering). We only asked (for cooperation)."

"I have said it would be alright to demonstrate if they do so in good faith," the military leader said. "But I also said we would take drastic action against organizers of any ill-intentioned protests."

He denied that the military had overreacted in making a series of stern warnings against possible public protest, saying its action was based on intelligence.

The general refused to confirm or deny the notion that the warnings against demonstrations were aimed specifically at New Aspiration Party leader Gen Chawalit Yongchaiyut who has become one of the most vocal critics of the military.

"I never specified at whom the warnings were aimed. But one would not be over-sensitive," he said.

Pol Gen [Police General] Phong-amat, commenting on the issue for the first time since the beginning of preparations to ensure the safety of participants of the meeting, said: "If the would-be demonstrators want to air their views about the World Bank/IMF meeting, they can do it in a way that does nto violate the law."

"But if they plan to gather to voice their opposition to, say, the draft constitution, we would consider them as people with malicious intentions," he said. "They should not protest the constitution during the meeting, anyway. It's just totally irrelevant."

The umbrella organization of student unions, the Student Federation of Thailand, has made known it intention to hold a public gathering to commemorate the death of pro-democracy students.

Interior Minister Says No Ban on Public Rallies

BK0410005991 Bangkok BANGKOK POST in English 4 Oct 91 pp 1, 3

[Text] Army Commander-in-Chief Suchinda Khraprayun has not banned public rallies during the World Bank/IMF conference here, according to Interior Minister Itsaraphong Nunphakdi. He has simply asked that they not be held.

"You people (the media) put too much emphasis on the word 'ban'. He (Gen [General] Suchinda) only made an appeal. If he did not, there might be trouble," he said yesterday.

Gen Itsaraphong said the military was dutybound to ensure the complete safety and security of delegates attending the conference and their families.

He then denied there was a rift between the National Peace-keeping Council and the Government over the right of people to stage rallies to demonstrate their grievances.

"Our standpoint is similar—that is, we want peace and order," he said.

The minister said Gen Suchinda made his appeal asking groups to refrain from protests because the military had obtained credible information that some elements might try to provoke public disturbances during the international conference.

First Army Region Commander Paibun Hongsinlak said yesterday any protest during the conference would show Thailand in a negative light, but added that he personally supported democratic rule.

"Democracy means we have to listen to the voice of the majority and take into account what is useful to the public in general. If things are useful, we have no objection. If not, we have to give a warning—and not heeding the warning will not be good," he warned.

Lt-Gen [Lieutenant General] Paibun said students were entitled to hold activities commemorating the October

14 student uprising in 1973 against the hard-line government of the day, but warned that these activities must be kept within the confines of the law.

"Conditions are now favourable. We are now in the process of developing. Shouldn't all of us lend a helping hand? If one does not help, one should best stay idle."

He said he personally disliked violence, but warned that he may have to use force "if it is necessary" to restore peace and order.

"Like teaching our children. We first give warnings. But if these are not heeded, then we use a cane," he said.

New National Security Council secretary-general Charan Kullawanit said he was confident there would be no untoward incidents during the World Bank/IMF meeting.

Gen Charan said yesterday he did not think any of the country's activisit groups would do anything to hurt the country on this important occasion.

He said it was normal for groups to rally and express opinions on democracy provided they caused no damage or did not instigate violence.

Gen Charan ruled out the threat of violence on October 14, saying any activities to commemorate the student uprising would go ahead as usual.

"But as a Thai, I don't think my fellow Thai people would want to create a disturbance," he said.

In order to ensure peace and order prevail, all authorities concerned, including the military and police, will have to remain vigilant against any possible incident.

There must be thorough checks of people travelling in and out of the country to keep a close watch on the movements of undesirables. Intelligence will also be exchanged with relevant agencies.

Deputy Prime Minister Phao Sarasin, in his role as head of security for the meeting, will hold a final meeting next Monday to finalise security plans.

Air Force Commander-in-Chief Kaset Rotchananin also said university students could go ahead and organise activities commemorating the October 14 event, but he too said these activities must be within the law.

The rally should not be used to incite a crowd for other political purposes, he said.

"If a rally develops out of the October 14 theme and expands to involve the constitution and other controversies which create violence, the supreme commander will naturally have measures ready to deal with the situation," ACM Kaset said.

Deputy Police Department chief Pong-Amattayakun said police would not mind if people protested against the World Bank/IMF meeting in front of the Sirikit Convention Centre, but they would not tolerate gatherings which highlight any local political conflicts.

Criticizes Groups for Threats

BK0410011791 Bangkok BANGKOK POST in English 4 Oct 91 p 3

[Text] Interior Minister Gen [General] Itsaraphong Nunphakdi yesterday criticised religious and human rights groups threatening to disrupt the World Bank/IMF conference unless charges were dropped against social critic Sulak Siwarak and conservationist monk Phra Prachak Kuttachitto.

"These are our internal affairs and the human rights organisations have no right to interfere," he said. "It is our rights and freedom that our people have been fighting for."

He also asked Thai people to refrain from urging "outsiders" to become involved in Thailand's internal affairs.

Newly-appointed First Army Region Commander Lt-Gen [Lieutenant General] Phaibun Hongsinlak said he had assigned his successor, Lt-Gen Ariya Ukhotkit, to try to solve the Phra Prachak case peacefully.

He said the problem with the villagers had already been solved after they cooperated fully with the military.

"Only the Press is saying the problem is not settled. This is inaccurate," he said.

The general gave an assurance Dong Yai forest would be protected after all the villagers were removed and resettled elsewhere.

"I assure you the forest will not be given to merchants to be poached. You can cut my head off if it is given to merchants or military officers for their own benefit," he said.

Democrat Leader Calls Ban on Rallies 'Abnormal'

BK0410013391 Bangkok BANGKOK POST in English 4 Oct 91 p 3

[Text] Democrat Party leader Chuan Likphai yesterday criticised the National Peace-keeping Councils' [NPKC] move to ban political gatherings during the World Bank/IMF meeting this month, saying political rallies and demonstrations are normal in a civilised world.

Asked to comment on Army Chief Gen Suchinda Khraprayun's earlier statement that the NPKC might prohibit political gatherings during the meeting, the former deputy prime minister said he considered it abnormal for the NPKC to issue such orders which would only worsen the situation in the country.

"In civilised countries, it is normal to have political rallies and demonstrations," said the party leader.

Voicing support for students' call for their annual political rally in reminiscence of the October 14, 1973 student uprising in which a dictatorial government was overthrown, the seven-time MP of Trang Province said the powers-that-be should remember that students organise such a gathering every year.

He said it is just a coincidence that this year's gathering is to be held during the banker's meeting.

Touching on Air Force Chief Kaset Rotchananin's comment that the prime minister should be a military man who could prevent power seizures and strengthen democracy, Mr Chuan said this was ACM [Air Chief Marshall] Kaset's personal opinion and did not reflect the views of the majority of people.

"It is fortunate that people still have the right to choose their prime minister and the Army is not yet given the authority to appoint one," he said.

Concerning the NPKC's move to empower a court seizure of assets of 13 politicians being investigated by the Assets Examination Committeee, Mr Chuan said if such a move is really taken it would help clear the politicians of corruption charges.

"It is difficult to prove if a gift cheque is given to a politician for vested interests or purely out of personal favour," he said.

He said giving power back to the courts to make a final decision on the issue would discontinue the Assets Examination Committee's job.

Mr Chuan said corruption was the NPKC's prime concern which had prompted military officers to seize power on February 23. He thought the corruption investigation issue might not be resolved if the NPKC transferred its powers to the courts.

In other developments, Democrat spokesman Churin Laksanawisit said four former northeastern party MPs had defected to join the New Aspiration Party.

The four are former Maha Sarakham MP Somat Hengsawat, former Yasothon MP Udon Thongnoi, former Ubon Ratchathani MP Surasak Buakhao and former Nakhon Ratchasima MP Sanan Payakkun.

Air Force Chief Kaset on NPKC, Premiership

BK0410022391 Bangkok THE NATION in English 4 Oct 91 p A4

[First installment of "excerpts" from 1 Oct interview with Air Chief Marshal Kaset Rotchananin, Air Force commander in chief, by Somphong Kittinaradon, Adisak Limphrungphathanakit, and Kokhet Chantaloetluk from THE NATION and a team from the DAILY NEWS]

[Text] Q: Could you clarify your statement that the government should resign if the National Assembly rejects the draft constitution? Many have said that the government played no part in drawing up the draft and did not have to show any responsibility if anything happened to it?

A: The government was set up by the National Peace Keeping Council [NPKC] and is therefore part of it. So if the new constitution flopped in the National Assembly, the government just would have to resign, because someone must be held responsible. Of course, that does not apply to the NPKC which must stay on to make sure that the general election would be held according to plan.

This is a sense of attachment which the government should have with the NPKC.

Q: Is this a signal to the Government?

A: No, not at all. But it seems the government is not very active but I am sympathetic since the government's term is short.

Q: Could you summarize the proposals which the NPKC has proposed and wanted the government to carry out?

A: The government has been trying to do it but the concrete achievements are hardly visible. Its term is too short.

I think the government should place priority which would address the immediate woes facing the majority people. For the urban areas, the mass transit projects to solve traffic congestion should be speedily considered and allowed to get off the ground.

Secondly, it's the question of the people's income, particularly that of farmers. The drive to seek new overseas markets for our agricultural crops has been slow. The National Fertilizer Corp project which aims at producing cheap fertilizer to farmers has not been actively supported.

We perceive Burma and Vietnam to become our formidable competitors in rice exports in 10 years and we need to adjust ourselves. If we sit still, the situation might become very dangerous for us.

Q: So what is your opinion about some of our neighbours like Burma, Laos, Vietnam and Cambodia?

A: My own opinion is that Thailand should invest in those countries first before we would able to decide what to do next. Furthermore, investing there should make our country more important to them. If we don't, they could become fearsome competitors in a decade or so.

Q: Many people said NPKC is not happy with the government's performance. What has the NPKC done in this context?

A: Well, we have put forward many proposals to the government about what we think should be done. But you have to understand the government's short-comings. They (the ministers) are slow and do not dare move because they are probably afraid that their reputation might be damaged if they handled some big projects.

Q: How about the government's decision to slash car taxes? What do you think of the present dispute between the government and the local auto assemblers?

A: I am afraid that the investment in the auto industry here would be seriously hurt (as a result of the government's action). Imported cars would be cheap and could hurt the local assemblers, some of them have shifted their policy towards importing cars instead of manufacturing them. This would reduce operational costs and would be much easier than running the plants.

The government may have to bring down the import duties for raw materials to be used in the production of auto spare parts so they could survive.

Q: Has the NPKC discussed the matter?

A: Yes, we have taken it up. We suggested that the government should cut both import duties for spare parts. Otherwise they would not be able to compete with imported cars because the gap in prices is too narrow.

Q: What do you think about the draft constitution? You once said that you were assigning your staff to study it. What are your opinions now?

A: Personally, I want a constitution that could stabilize our politics by finding ways to discipline MPs.

The system I have proposed should result in reducing the number of smaller parties and prompting their gradual integration so that in the end Thailand would have only two or three parties like in the United States or Britain. This would force the government to be careful because it would be facing very strong opposition.

Moreover, MPs' leverage vis-a-vis their parties would be reduced because at present they continue to switch parties easily.

That should help strengthen our political party system and our politics. The system I am proposing is the party-slate electoral model in which a team of candidates would be elected in a constituency.

Q: What do you think about the proposed Constitution Committee which has been designed to discipline MPs?

A: First of all, I would like to say that I don't think such a committee is practical because it would become the fourth branch of sovereignty in addition to the executive branch, the judicial and the legislative institutions. The committee would also be given too much power.

Q: According to the draft, this Constitution Committee would select senators. If this new body is dropped from the draft, then who should be responsible for appointing senators?

A: It should be amended in such a way that the prime minister would be authorized to appoint senators.

In Thai-style politics, the government cannot survive unless it can control the Senate. Otherwise, it would come under pressure from the upper and the lower Houses at the same time.

Q: Is the NPKC so generous as to allow the prime minister to appoint the senators?

A: Well, there should be a provisional clause in the new constitution which gives the NPKC the powers to appoint senators.

Q: What about the proposal that the prime minister should be an elected MP?

A: I think it should be up to the national legislators to decide who would be the prime minister, whether he would be an MP or an outsider. There should not be any restriction on the number of non-MPs in the Cabinet.

It should not be stipulated that outsiders must not exceed one-third of all the Cabinet members. They can be all MPs, or outsiders. It should depend on their qualifications. The requirement is impractical. I have nothing to do with the amendments to the draft, but I feel that if all are MPs, politics would continue to be a mess.

Q: How about the proposal that permanent officials should be allowed to become Cabinet members?

A: I disagree. Government officials who want to become Cabinet members should quit their posts first. I think this is the best formula. The idea of allowing permanent officials to become political appointees should not even be included in the provisional clause. That would be too dangerous.

Q: Should senators have the same power as MPs.

A. The original draft gave them more or less equal powers. Yes, I think they should have equal powers. If it concerns security matters, senators and MPs should have the right to vote, equally.

Q. What about senators joining in the vote of confidence?

A: Senators should also be able to cast vote of confidence. What if the government is corrupt and dominates the House if the Senate cannot act as a counterbalance?

Q: There has been rumour that you would quit the air force to become a politician and that you would eventually become leader of the Chat Thai Party?

A: If I decide to play politics, I would do so after retiring from the military service, Well, whether I will enter politics or not is a different matter. On the latter question, I would have to study the political circumstances when the time comes and see whether it would be worth it. I must weigh the pros and cons. But if for whatever reason I could not refuse, I would take up a political career when the time comes.

Q: So, you won't quit?

A: No, unless I was invited to become prime minister or a Cabinet member. In that case it's a different matter.

Q: What is your feeling about the political atmosphere at the moment?

A: I want to see the constitution promulgated first, then judge whether entering politics would help the country. If that proves to be useless for the nation I would probably do other things. There are many ways of serving the country. Politics is one way.

Q: Talking about rumours, there is one saying that a plan has been formulated for you to become prime minister and stay in the post for two years before Gen [General] Suchinda Khraprayun takes over?

A: That's not true. I was the one who proposed that the next prime minister under the present circumstances should be a soldier so the country would be stable. Otherwise, a coup might happen again.

I used to say that Gen Chawalit Yongchaiyut (leader of the New Aspiration Party [NAP]) and Gen Suchinda are the most suitable persons for the top job.

If the political situation stabilizes, soldiers would naturally return to their barracks. But if politics is in a tumultuous state, soldiers, as members of the most consolidated institution, cannot afford to step in [as published].

Q: You speak as if you are withdrawing your candidacy for premiership.

A: My stand is that for the good of the country, I am ready for it but if another person is more suitable and he can succeed, then I would have no objections.

Q: What about Prime Minister Anan Panyarachun's chance in your opinion?

A: I don't think we can take it. He became prime minister because he was appointed to the post.

Q: What do you think about the political path that Gen Chawalit is taking right now?

A: Well, I just want to see political stability. Now, there are now two major parties I can see: Sammakkhitham and New Aspiration. They are walking on different political paths. Gen Chawalit is confident that his path would lead to his ascension to the top executive post.

Q: Do you see the possibility of the two parties eventually joining hands?

A: I think it is possible because there is nothing certain in politics. Today two parties can be rivals, one in the government and the other in the opposition, but tomorrow they can form a government together. From this perspective, nothing is certain about the relations between two parties. This is the way it is in our country. I don't know how the relationship between the two parties would turn out to be, but I am making this general statement based on our political history.

Q: How would you react to the campaign by NAP against the draft constitution?

A: I don't think it very important how the new constitution would be like. The important thing is how much each party would accept it and how they would electioneer to get elected. I don't think most politicians would not really care about it. When it is promulgated, I believe they would still participate in the election. In fact, the present draft is basically the same as that of the 1978 Constitution with the exception of the Constitution Committee proposed under the draft.

Q: What is the latest thinking on the date of the election?

A: I understand it would be held in February. But it won't be later than April. February is the most likely.

Q: Should the powers of the Assets Investigation Committee to confiscate assets from politicians found guilty of amassing unusual wealth to the court?

A: Well, the committee has practically concluded its investigation and we are trying to transfer its powers to hand down the verdicts to the court. It must be left to the court because the Juridical Council has interpreted that the committee members are not authorities and they would be vulnerable to lawsuits if they acted against the suspects.

We are trying to transfer its duty to normal mechanism and this can be done only through the issuance of new legislation which would also protect the committee from possible legal action. The task would be left to the Counter Corruption Commission which would forward it to the court.

Q: Do the other NPKC members agree on the notion?

A: Well, we discussed it and our thinkings were more or less the same. But this legislation must be initiated by the interim government. Neither the NPKC nor the National Assembly members can propose a bill under the provisional Constitution.

For the sake of the right principle, the government must initiate it. Let's do it to end the issue once and for all.

Article Urges Opposition to Patent Law Amendment

BK0310130591 Bangkok MATICHON in Thai 3 Oct 91 p 9

[Article by San Hatthirat: "Not Transparent About Pharmaceutical Patent"]

[Excerpt] Commerce Minister Amaret Sila-on told the press on 16 September that negotiations with the United States on pharmaceutical patents had nearly been completed and that the new draft of the patent bill had been submitted to the cabinet before his departure to the

United States. He expected the new draft would become law in about two to three months.

The minister said he could not reveal details in the draft since it involves sensitive matters and might affect negotiations with the United States.

Well, is this what the present government calls a policy of transparency—by hiding from the people the details of a law which concerns them and which is meant to prevent oppression against them?

Or is it the desire of a dictatorship to enact a law to oppress the people, a law to be used as a pretext to punish helpless people?

It has been the tendency of this transparent government to resort to secrecy and nontransparency in its administrative actions. Its refusal to publicize the amendment to the patent law, a law which directly concerns the health and survival of the people, is just another example.

While claiming that it upholds a free trade policy, the government is amending the pharmaceutical patent law to the United States' liking, and this is tantamount to strengthening monopolies in the medicine trade.

Is such a monopoly called a free trade policy?

If it refuses to comply with the U.S. demand and amend the pharmaceutical patent law, Thailand risks being retaliated against by a U.S. law (not an international law, but rather a practice of bullying and persecuting smaller countries at will).

Yet that kind of retaliation would be felt only among exporters to the United States, and it would be felt only temporarily, whereas an amendment to the patent law would carry a long-term effect—an oppression of the Thai people on a permanent basis.

If it were not for a condition in the new patent law that threatens the welfare of the Thai people (those in the rural areas and who are not wealthy), the Rural Doctors Society, the Medical Council, the Pharmaceuticals Study Group, and a number of academics, students—as well as organizations who are neutral and have no interests in the controversy except for their concern for the majority of the Thai population—would not have experienced difficulties in opposing and protesting the amendment to the law and thus unnecessarily drawing hatred and vengeance toward themselves.

If the amendment was really in the interests of Thailand more than that of the United States (as claimed by traitors), the United States would not bother to waste its time and risk losing face (as it always made claims about being democratic and humanitarian) by pressing the Thai Government to amend the law by a short cut without waiting for a consensus of the elected representatives of the Thai people.

Any Thai who supports and pushes for an amendment of this law is a "traitor." They are Thai only in body but not in mind. They are not realistic.

The Thai people must oppose the amendment to the patent law for the sake of their own welfare and survival, and for the sake of our honor as a free people who will not succumb easily to the U.S. effort to trample on our national sovereignty. [passage omitted]

Writer Analyzes Samakki Tham Party's Strengths

BK0310022391 Bangkok BANGKOK POST in English 3 Oct 91 p 4

[By Soemsuk Kasitipradit]

[Text] When the Samakki Tham Party (STP) was formed a few months after last February's coup d'etat it was considered to be an underdog political party. But the political situation has changed dramatically over the past few months. No one now questions the strength of this military-backed party, which is likely to be the core party in forming the next coalition government to be led by Supreme Commander and Army commander-in-Chief Gen Suchinda Khraprayun.

The party's position is enhanced following its agreement with the Chat Thai Party to forge a political alliance. The two parties will not compete with each other in the northeastern, central and northern regions in an attempt to block the aspirations of former Army Chief Gen [General] Chawalit Yongchaiyut and his New Aspiration Party (NAP).

The STP's acting secretary-general, Squadron Leader Thiti Nakonthap, said the latest move would help the party to gain control of the North and Northeast, which have a total of 196 parliamentary seats, while the Chat Thai Party would control the central region, which has about 82 seats.

Chat Thai hopes to gain about 60 seats in the next election, most of which would come from the Central Region where it got 39 seats in the last general election. A total of 370 parliamentary seats are at stake in the upcoming general election.

Over the past month, the STP has focused its activities in the Northeast where the party expects to gain more than half of the region's 127 seats.

Sqn Ldr [Squadron Leader] Thiti is confident that the STP would beat the NAP in the Northeast because many former MPs from various political parties have agreed to join his party.

"It would be unwise if one joins a party that would be left out in the Opposition after the elections," said a former NAP member who is now in the STP ranks.

One former northern MP said he would be committing political suicide by running against the STP in the next elections. "I have had this experience before. One would be in great trouble if one ran against the party that controls the state mechanism," the former MP said.

Several former MPs in the New Aspiration Party admitted to the BANGKOK POST that they had underestimated the STP's strength.

They said the STP's credibility has increased after certain members in the National Peace-keeping Council [NPKC] made political comments in favour of the party over the past several weeks. This includes comments by Air Force Chief ACM [Air Chief Marshall] Kaset Rotchananin in support of the STP's call for the party-slate electoral system, and the latest comment by Gen Suchinda that he would not mind if this type of electoral system is used in the next elections.

ACM Kaset reasons that the new electoral system would help strengthen the country's political party system. However, several of his critics, including former deputy prime minister Chuan Likphai, doubt ACM Kaset's real political intention. They argue that the new voting system would favour the STP, thereby helping the NPKC to cling to power after the elections.

"Under this new electoral system, the NAP would be beaten by the STP," said deputy Chat Thai leader Anuwat Watthanaphongsiri. The party-slate electoral system would force voters to elect their representatives as a group and not individually. According to sources in the STP, more than 150 former MPs had joined the party and would run in the upcoming elections.

Sqn Ldr Thiti has made it known that the STP would launch an all-out attack on all NAP's political bases in the Northeast, especially in Surin Province where former Interior permanent secretary Phisan Munsatsathon is expected to run under the NAP's banner.

The former permanent secretary has considerable influence in Surin, where the NAP hopes to sweep all eight seats. This might not be the case, however, if the STP is supported by power-holders, according to local observers.

Sqn Ldr Thiti predicts a fierce political struggle in Surin but is confident that STP candidates would beat its arch rivals there.

A senior NAP member has admitted that the party is in political disarray and the possibility is high that a number of former MPs in the party would defect to the STP under the current political circumstances.

"The STP is very aggressive. It uses every ways and means to block our party from growing. What concerns us is the support the party gets from the NPKC," said the NAP member.

Former deputy interior minister Phinit Chantharasurin, a senior STP member, recently went to the southern province of Pattani, where he held talks with five-time MP Den Tomina and nine former MPs in his faction. If Den's faction decides to join the STP, it would be a severe blow to the NAP.

Sources close to the NPKC said top members in the NPKC had been urged to take a tougher stance against NAP leader Gen Chawalit, who had been accused of stirring up political tension by urging students and workers to protest against the NPKC's move to amend the constitution in its favour.

Gen Suchinda has made it clear that the NPKC would not tolerate any trouble caused by political motivation and would deal with the issue firmly.

The Army's recent order calling all army personnel who had been assisting Gen Chawalit at the NAP to return to their headquarters is seen as yet another move to cripple the NAP's machinery.

"It is clear that the NAP and Gen Chawalit are cornered," one senior army officer said. But, he added, no one should underestimate the former Army chief who still could pose a threat to the NPKC.

Finance Ministry Reports First Half Review

BK0310075291 Bangkok MATICHON in Thai 2 Oct 91 p 3

[Text] Ladawan Wongsiwong, spokeswoman attached to the Prime Minister's Office, reported that the cabinet, on 1 October, acknowledged a report by the Finance Ministry on the national economic and financial situation in the first half of 1991. According to the report, the economic slowdown continued from late last year as a result of the high interest rates and the oil prices, the political changes in the country, and some other external factors, including the recession in major industrialized countries like the United States and those in Europe. About 40 percent of Thailand's exports were affected by the situation. The Persian Gulf war in the first quarter of this year also affected Thailand's economy, especially the tourist sector. The ministry anticipated a general slowdown in an overall growth rate this year. Yet, Thailand still recorded a better growth rate compared with that of other ASEAN or Asian-Pacific countries.

Growth rates in the various sectors during 1991 are anticipated as follows: 2.5 percent for agriculture, 10.5 percent for industry, 15 percent for construction, and 8 percent for the aviation and tourist industry. Foreign trade deficits suffered by Thailand remained high, but the balance of payments was still in big surplus. Monetary growth rate slowed down to a monthly rate of 26.1 percent from 36.7 percent because commercial banks have slowed down lending credits to the private sector.

The consumer price index during the first half of this year increased by 6.1 percent—6.7 percent for food and beverage, and 5.4 percent for other sectors. It is believed the overall percentage for 1991 will be only an increase of 5.5 percent. The overall financial situation was reported good for the period ending June. There has been an increase in income from major tax and customs collection, but a decrease in income from import duties. The country's reserves were recorded at 185,100 million baht at the end of June.

Vietnam

More on John Vessey's Visit, News Conference

BK0410063591 Hanoi Voice of Vietnam Network in Vietnamese 0015 GMT 4 Oct 91

[Report on the 1-2 October visit to Hanoi of General John Vessey, special emissary of the U.S. President—portions recorded]

[Text] Following an agreement reached between the governments of the SRV and the United States, General John Vessey, special emissary of the U.S. President, visited Hanoi from 1-2 October 1991.

The presidential emissary was received by Vo Van Kiet, chairman of the Council of Ministers. General John Vessey also met with Foreign Minister Nguyen Manh Cam.

In a joint communique, both sides highly valued the results of the unilateral and bilateral investigations that have contributed to the determination of the fate of unresolved cases, which both sides have been investigating at priority level since September 1988.

The U.S. side welcomed the efforts on the part of Vietnam to shed light on fabricated reports and photos alleged to be of missing Americans. Both sides would continue their cooperation in quickly investigating such reports and photos.

Both sides confirmed their determination to move quickly toward the fullest possible accounting of the Americans missing from the Vietnam war and to continue the recovery and repatriation of remains found.

The U.S. side highly appreciated the fact that the Vietnamese Government and people had implemented the orderly departure program to resettle Amerasians and the detainees released from reeducation centers in the United States.

The U.S. side made known the recent efforts of the U.S. Government to faciliate efforts to address the humanitarian needs of the Vietnamese people by nongovernmental organizations, as well as its direct contribution to addressing those humanitarian needs.

The Vietnamese side welcomed this fact and hoped these efforts would be further broadened and increased.

Both sides reaffirmed the desire of their governments for the early normalization of relations between Vietnam and the United States.

At the end of this visit, General John Vessey, the special emissary of the U.S. president; and Vietnamese Foreign Minister Nguyen Manh Cam met the press.

Answering a question raised by a journalist about efforts made by Vietnam in seeking information on the remains of American soldiers missing in action in Vietnam, Minister Nguyen Manh Cam said:

[Begin recording of Nguyen Manh Cam] We have always held that efforts to seek information on, and recover, the remains of Americans missing in action is a humanitarian issue. And also in the spirit of humanitarianism, we have continued to actively cooperate with the U.S. side in the investigation through the MIA office in Hanoi. We are solving this issue with our greatest goodwill, without asking for any attached conditions. This is because we have always regarded this as a humanitarian issue. It is because of this that we are ready to continue to cooperate with the U.S. side in the continued search for, and recovery of, the American remains in order to return them to the U.S. side. [end recording]

Also in this connection, General John Vessey said:

[Begin John Vessey recording in English fading into Vietnamese translation] It can be said that as both the Vietnamese and U.S. sides have had to cope with many complex problems, they should jointly seek an approach to these problems. I am very happy and pleased to have opened a U.S. office in Hanoi to cooperate with Vietnam in solving the question of Americans missing in action. I am also pleased that both sides have discussed, and agreed on, concrete measures aimed at solving the question of Americans missing in action. Upon my return to the United States, I will propose that the U.S. office in Hanoi be made a permanent office instead of a temporary one. [end recording]

To quickly solve the issue of Americans missing in action, General John Vessey said: Both Vietnam and the United States have examined a broad range of specific issues to speed up and improve the cooperation between the two sides. In particular, both sides have discussed specific ways to improve the cooperation between the U.S. office and Vietnam in the search for Americans missing in action in Vietnam. Meanwhile, on their part, the Americans should improve their ways of working with the Vietnamese side. He made known that both sides had also discussed the search for various documents in connection with the question of Americans missing in action in Vietnam. He further said he was very pleased with what had taken place during his two-day visit to Vietnam. Finally, he expressed hope that if both sides carried out their work effectively, they would move along much more rapidly than they had been moving.

Sympoium on 'Great' PRC Writer Held 1 Oct

BK0310152391 Hanoi VNA in English 1319 GMT 3 Oct 91

[Text] Hanoi VNA Oct. 3—A symposium on the great Chinese writer Lu Xun was held in Ho Chi Minh City on Oct. 1 by the teachers training college of Ho Chi Minh City on the occasion of his 110th birthday and the 42d national day of the People's Republic of China.

Talks on Lu Xun's works and documentary films on China were arranged by the television and various cultural institutions in the city.

Also on the occasion, a symposium on the Guilin Education Centre was held on Oct. 2 in the presence of Nguyen Dinh Tu, secretary of the Communist Party of Vietnam Central Committee and chairman of the Commission for Science and Education, and Li Jiazhong, political counsellor of the Chinese Embassy in Vietnam.

The Guillin Centre was set up by the Vietnamese Communist Party and Government and President Ho Chi Minh in Nanning, China, in the early 1950's to train cadres for the resistance and construction with the devoted help in material and educational facilities from the Chinese Communist Party, government and people. In the seven years of its existence, the centre trained more than 2,500 teachers, 100 technicians and researchers, nearly 200 teachers and interpreters of the Chinese language.

Significance of Marking PRC National Day Noted

OW0310043591 Hanoi Voice of Vietnam in Mandarin 0830 GMT 2 Oct 91

[Station commentary]

[Text] The 42d anniversary of the founding of the PRC fell on 1 October. People of various circles and departments in Vietnam held gatherings to mark the anniversary. Such gatherings were held in a friendly atmosphere of gradually normalizing Vietnamese-Chinese relations. On this program on current international events, please listen to a commentary by a staff commentator on this subject.

After more than a decade of abnormal relations between Vietnam and China, Vietnam resumed these celebrations for the first time this year. The Vietnamese Philatelists' Association and the Vietamese Posts and Telecommunications Bureau held a stamps exhibition last weekend, at which nearly 5,000 Vietnamese and Chinese stamps were displayed. Those stamps depicted Vietnamese-Chinese friendship as well as the customs, economics, culture, science, technology, and scenic spots of the two countries.

Early last week, the (Vien Thong) Postal and Telecommunications Company also held a grand ceremony for direct communication between Hanoi and Beijing through satellite.

Various parts and departments of Vietnam which used to maintain close ties with their Chinese counterparts held gatherings to mark the 42d anniversary of the founding of the PRC.

Vietnamese state leaders and the Chinese ambassador to Vietnam separately attended such gatherings. [sentence indistinct]

Vietnam and China are now striving for an early normalization of relations on the basis of mutual respect for each other's sovereignty and territorial integrity, noninterference in each other's internal affairs, equality, and mutual benefit. Vietnamese Foreign Minister Nguyen Hanh Cam's recent trip to China and an upcoming high-level Vietnamese-Chinese meeting are specific examples of this.

The Vietnamese people understand that there will be many problems, even complicated and difficult ones, to be discussed and solved in the process of complete normalization of Vietnamese-Chinese relations. In the spirit of cherishing Vietnamese-Chinese relations and satisfying the wishes of the people of the two countries, the Vietnamese party and state will persist in gradually expanding and normalizing Vietnamese-Chinese relations and solving outstanding problems between the two countries through negotiations.

On the occasion of the 42d anniversary of the founding of the PRC, the Vietnamese people sincerely wish that the Chinese people will make ever greater achievements in their national construction and believe that through the joint efforts of the Vietnamese and Chinese people, relations between the two countries will be completely normalized before long.

Spokesman: Normalization With PRC 'Necessary'

BK0310104691 Hanoi Voice of Vietnam in English 1000 GMT 3 Oct 91

[Text] Mrs. Ho The Lan, the spokeswoman for the Vietnamese Foreign Ministry maintained that the normalization of Sino-Vietnamese relations is necessary. Speaking at the regular press briefing in Hanoi on Thursday, 3 October, Mrs. Ho The Lan said: Vietnam held that the fundamental and long-term interests of Vietnam and China are friendly relations and cooperation for the development of each country and for the happy life of their peoples. This, she added, conforms to the current trend in the Asia-Pacific region for peace, stability, and development. She further said: Efforts have been made by both sides for the normalization of bilateral relations especially after the visit to China by Vietnamese Foreign Minister Nguyen Manh Cam which is considered an initial step in the process of full normalization of Sino-Vietnamese ties. She went on: At present, the two countries are actively preparing for the coming visit to China by the Vietnamese leaders at the end of this (?year).

On U.S. President George Bush's nuclear arms plan, Mrs. Ho The Lan said that Vietnam welcomes active efforts of all countries to drastically reduce nuclear arms and gradually eliminate them. She also said that Vietnam will send a representative to the Supreme National Council of Cambodia [SNC] after it set up its office in Phnom Penh.

On the impact on recent changes in the Soviet Union and Vietnam, she said that in view of the global impact of these changes, Vietnam has also been influenced by these changes. She also pointed out that changes in the Soviet Union will not shake Vietnam's will for renovation but instead strengthen it.

On the rumor that Vietnam has reached agreement with the Taiwan Government on opening a commercial office in Taipei, she said that Vietnam's consistent stand is that Taiwan is part of the People's Republic of China and that so far Vietnam has been developing relations with Taiwan companies.

Lao Youth Delegation Departs After Visit

BK0210160191 Hanoi VNA in English 1434 GMT 2 Oct 91

[Text] Hanoi VNA Oct 2—A delegation of the Lao People's Revolutionary Youth Union (LPRYU) led by Mrs. Thongvinh Phomvihan, first secretary of the LPRYU Central Committee, made an official friendship visit to Vietnam from Sept 26-Oct 1, 1991. While here, it had working sessions with a delegation of the Ho Chi Minh Communist Youth Union led by its First Secretary Ha Quang Du. The two sides attached importance to the promotion of the solidarity and cooperation between the two youth organizations in the current renovation process in each country.

On Sept. 30 the guests were received by party General Secretary Do Muoi, who spoke highly of the role and position of the youth organizations in the revolutionary causes in Vietnam and Laos.

Present at the reception were Ha Quang Du and Lao Ambassador to Vietnam Kamphet Phengmeuang.

PLO's 'Arafat Praises Struggle of Vietnamese

BK0310074991 Hanoi VNA in English 0616 GMT 3 Oct 91

[Text] Hanoi VNA Oct.3—Yasir 'Arafat, president of the State of Palestine and chairman of the State of Palestine and chairman of the Palestine Liberation Organization (PLO), [titles as received] has valued highly the glorious struggle of the Vietnamese people and their important contributions to the world struggle for peace, national independence and development.

These remarks were made at his reception of the first Vietnamese ambassador to the State of Palestine, Nguyen Huu Dung, who presented his credentials to the Palestine leader on Sept. 29.

Yasir 'Arafat also expressed his joy at the constant development of the friendship, solidarity and cooperation between Vietnam and the State of Palestine and reiterated the Palestinian people's hope and resolve to strengthen and broaden their relations with Vietnam in all fields in the interests of the two peoples and for peace and friendship among nations.

Indian Defense College Delegation Departs

BK0210160791 Hanoi VNA in English 1432 GMT 2 Oct 91

[Text] Hanoi VNA Oct. 2—A delegation of the National Defence College (NDC) of India led by Major-General A.K. Verma, vice director of the college, left Ho Chi Minh City today, ending a week-long visit to Vietnam as guest of the High Military Institute of Vietnam.

While in Hanoi, it was received on separate occasions by Gen. Doan Khue, minister of defence, and Senior Lieutenant General Dao Dinh Luyen, chief of the General Staff of the Army and Deputy Foreign Minister Nguyen Di Nien. Indian Ambassador to Vietnam Chandra Sharma and military, naval and air attache Col. Mohinder Puri were present on those receptions.

German Envoy Holds National Day Reception

BK0310151691 Hanoi VNA in English 1438 GMT 3 Oct 91

[Text] Hanoi VNA Oct 3—Ambassador of the Federal Republic of Germany Jurgen Elias and his wife gave a reception here this evening on the occasion of the republic's national day (Oct.3).

Prominent among their Vietnamese guests were Tran Dinh Hoan, minister of labour, war-invalids and social affairs, and Dinh Nho Liem, deputy foreign minister, and other cabinet members.

Ambassador Jurgen Eloas and Minister Tran Dinh Hoan proposed toasts to the further consolidation and development of the friendship and cooperation between Germany and Vietnam in the interest of each country and for peace in the world.

Almost All Saigon-Regime Officials Said Freed

BK0310144491 Hong Kong AFP in English 1408 GMT 3 Oct 91

[Text] Hanoi VNA Oct. 3—Mrs. Ho The Lan, spokesperson of the Vietnamese Foreign Ministry called a regular press conference here this afternoon.

Asked by an AFP [AGENCE FRANCE PRESSE] correspondent how many collaborators with the US prior to 1975 are still detained in reeducation camps, Mrs. Ho The Lan said that implementing its lenient policy towards those who committed crimes against the people during the war, the Vietnamese Government has released almost all officials of the former Saigon regime detained in re-education camps. The release of the rest will depend first of all, on their own attitude.

Asked whether or not Vietnam would send its ambassador to the Supreme National Council (SNC) of Cambodia, she said that Vietnam would assign its ambassador to the SNC when the latter has its office in Phnom Penh.

In answer to questions of AFP, REUTER, the BBC, SOUTH CHINA MORNING POST and HONGKONG STANDARD whether it is true that Vietnam now has accepted forced repatriation is not a good measure, and more suitable measures should be found to guarantee an orderly repatriation of Vietnamese who have illegaly left the country, to ensure respect for their dignity and observance of international practive [sentence as received].

Asked to confirm a VOA report that the Vietnamese Government has agreed to open a permanent commercial office in Taiwan and has allowed Taiwan to open such an office in Vietnam, Mrs. Ho The Lan said: "Vietnam's consistent stance is to regard Taiwan as part of the People's Republic of China, and until now there exists between Vietnam and Taiwan only relations between companies and those relations are developing normally. Private companies of Taiwan may have their representatives in Vietnam like any other foreign companies if they are eligible under Vietnamese law".

Truong My Hoa at Tien Giang Party Congress

BK0410114791 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 30 Sep 91

[Text] On 25-28 September, Tien Giang Province held its fifth second-round party congress. Comrade Truong My Hoa, secretary of the party Central Committee, attended the congress.

Comrade Huynh Van Niem, member of the party Central Committee and secretary of the Provincial Party Committee, reported at the congress. He said that in the past years, Tien Giang has continuously strived to overcome difficulties in material and capital shortage and natural disasters.

In 1990, with more than 100,000 hectares of arable land, Tien Giang produced more than one million tonnes of food for the first time; an increase of 24 percent compared to 1986 and more than 13 percent of the target set by the Fourth National Party Congress.

With new rice seed, Tien Giang started exporting rice since 1989. The export volume may be able to reach more than 150,000 tonnes of rice yearly.

Continuing developing its achievements, in 1991-1995 period, Tien Giang is to concentrate on the strategy of socioeconomic stabilization and development with the yearly average development of total social products between 6-8 percent. It is also going to increase the food production to 1.2 million tonnes and consumer goods industry between 8-10 percent yearly. The tax collection is about 20 percent of the province's income.

Due to flash floods badly effecting the fertile land of the province's northern areas, the congress determined to overcome the natural disaster's consequences so the provincial economy can be quickly stabilized.

The congress elected a new executive party committee with 47 members, with nearly half of them being new members.

Le Kha Phieu at Armor Corps Party Congress

BK0410114991 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 3 Oct 91

[Text] On 1-3 October 1991, the Armor Corps held its fifth second-round party congress. Attending the congress were 190 delegates, representing thousands of party members from 11 party committees. Comrade Lieutenant General Le Kha Phieu; member of the party Central Committee, standing member of the Party Military Central Committee, and director of the Army Political General Department; addressed the congress.

Understanding the fundamental concepts of the Seventh National Party Congress, the Armor Corps party congress looked into the real facts to analyze the strong points and weaknesses of the management work in the 1986-1990 term and discuss the management direction of the 1991-1995 term. It also discussed measures to successfully implement the corps' duties in the next term.

The congress was in high agreement in showing its determination in building socialism, developing the spirit of self-reliance and the combined strength of every organization and individual, and fully exploiting the existing equipment to build a revolutionary, modern, and regular armor corps with stable political knowledge and good combat capacity to fulfill its duties in any circumstances.

Red Cross, Oil Firms Aid Mekong Flood Victims

BK0310074191 Hanoi VNA in English 0613 GMT 3 Oct 91

[Text] Hanoi VNA Oct. 3—The League of Red Cross and Red Crescent societies recently sent USD 12,500 worth of medicines and medical instruments, and VND [Vietnamese dong] 300 million worth of mosquito-nets and blankets as emergency relief to flood victims in the five Mekong delta provinces of Long An, An Giang, Dong Thap, Tien Giang and Kien Giang.

For its part, the World Vision-South Korea donated USD 3,000 as aid to the above-said provinces.

The eight foreign oil companies operating on Vietnam's continental shelf donated VND [Vietnamese dong] 889 million to flood-stricken inhabitants of the Mekong River delta.

The donors were Enterprise Oil of Britain (USD 25,000), Petroleum (USD 10,000), Shell/Fina (USD 10,000), Petro Canada (USD 10,000), BHP of Australia (USD 5,000), IPL/Secab of Canada and Sweden (USD 4,000) and ONGC of India (USD 2,000).

Australia

Trade, Agriculture Corrupting Subsidies Viewed

BK0410093891 Melbourne Radio Australia in English 0800 GMT 4 Oct 91

[From the program "International Report"]

[Excerpts] Agricultural matters were on the forefront of government and private concerns in Europe and Australia this week with massive demonstrations by French farmers in Paris and lobbying by the Australian Government in Brussels. The issue was the same—farm subsidies, but while the French farmers want to hold on to their subsidies, the Australians think the benefits being enjoyed by their French counterparts should be cut.

The issue is getting hotter as the Uraguay round of GATT negotiations approaches its final deadline. European correspondent, Magella Anning, has been following story in Paris and Brussels. [passage omitted]

[Begin recording] [Anning] Australian farmers would argue that if they were getting the level of subsidies that the French farmers receive, they would be on the streets, too, that they would be celebrating, not complaining. That was a message from an Australian delegation which held talks in Paris, Bonn, and Brussels to explain how much Australian farmers are suffering because of the export subsidies war between the EC and the United States. The head of the delegation, trade minister, Neil Blewett, said while European governments were under pressure from their farming communities, a solution could be found.

[Blewett] I recognize that the French Government has that problem with its farmers. No doubt, a number of other European governments will also face the problems that their farmers fear. I think it is very important to recognize that one other reason for these demonstrations is that in the capitals of Europe, there is a recognition that they do not have to change their agricultural policy. That, of course, alarms farmers. My own view is that we can compensate the farmers and that European countries have the resources to compensate their farmers. They can provide special provisions for them. What we are saying to them is if you fund your farmers, do not fund them in a way which will produce extra crops, surpluses which then slop out on to the world market, cannot be sold at proper prices, have to be subsidized in order to sell them. So we are saying: by all means support your farmers. We recognize the human need and the human cost of the changes that are coming about, but do not do it in way which produces these surpluses which corrupt trade and agriculture. [end recording]

Fiji

Introduction of Television Broadcast Reported

BK0410091691 Melbourne Radio Australia in English 0500 GMT 4 Oct 91

[Text] Fiji has received its first television broadcast with the news bulletin compiled by the government Information Ministry and local opposition party members have expressed concern about the manipulation of the new service.

Television New Zealand operates the local station called Fiji One which began broadcasting last night. The manager of the television station, (Nick Sonnet), says although the Fiji Government is allowed to compile the news bulletin, discretion will be used in what items would be allowed. Fiji One will be operated for six weeks to allow live broadcasts of World Cup rugby matches being played in Europe.

Meanwhile, New Zealand has stressed the importance of broadcasting in linking countries in the South Pacific together. Foreign Minister Don McKinnon told the Pacific Islands Broadcasting Corporation in Auckland that broadcasting was in tune with one of the region's greatest assets, its oral tradition. He said Television New Zealand's development of links with Pacific island countries was helping to bring the increasingly sophisticated South Pacific audience together.

New Zealand

Bolger: Explore Joining American Trade Bloc

BK0410051691 Hong Kong AFP in English 0433 GMT 4 Oct 91

[Text] Wellington, Oct 4 (AFP)—New Zealand should explore the possibility of joining a North American trade bloc with the United States, Prime Minister Jim Bolger said Friday.

In a speech to a business group, he said the current round of General Agreement on Tariffs and Trade (GATT) talks were still under way but there were "very strong forces working against any substantial improvement to free up world trade in agricultural products, the issue of key importance to New Zealand."

Bolger said Singapore was interested in a common market for members of the Association of Southeast Asian Nations while a trade group of Canada, the United States and Mexico looked set to expand to Latin America.

"The message is clear. While the ideal model is of a world free of trade blocs and barriers, that goal is a long way into the future."

He said New Zealand and Australia had to consider their future.

"At this stage, it is my judgment that New Zealand would want to explore what opportunities there are for us to join the North American Free Trade Agreement.

"The attraction is to attach ourselves to the trade benefits that could flow from association with the largest economy in the world," Bolger said.